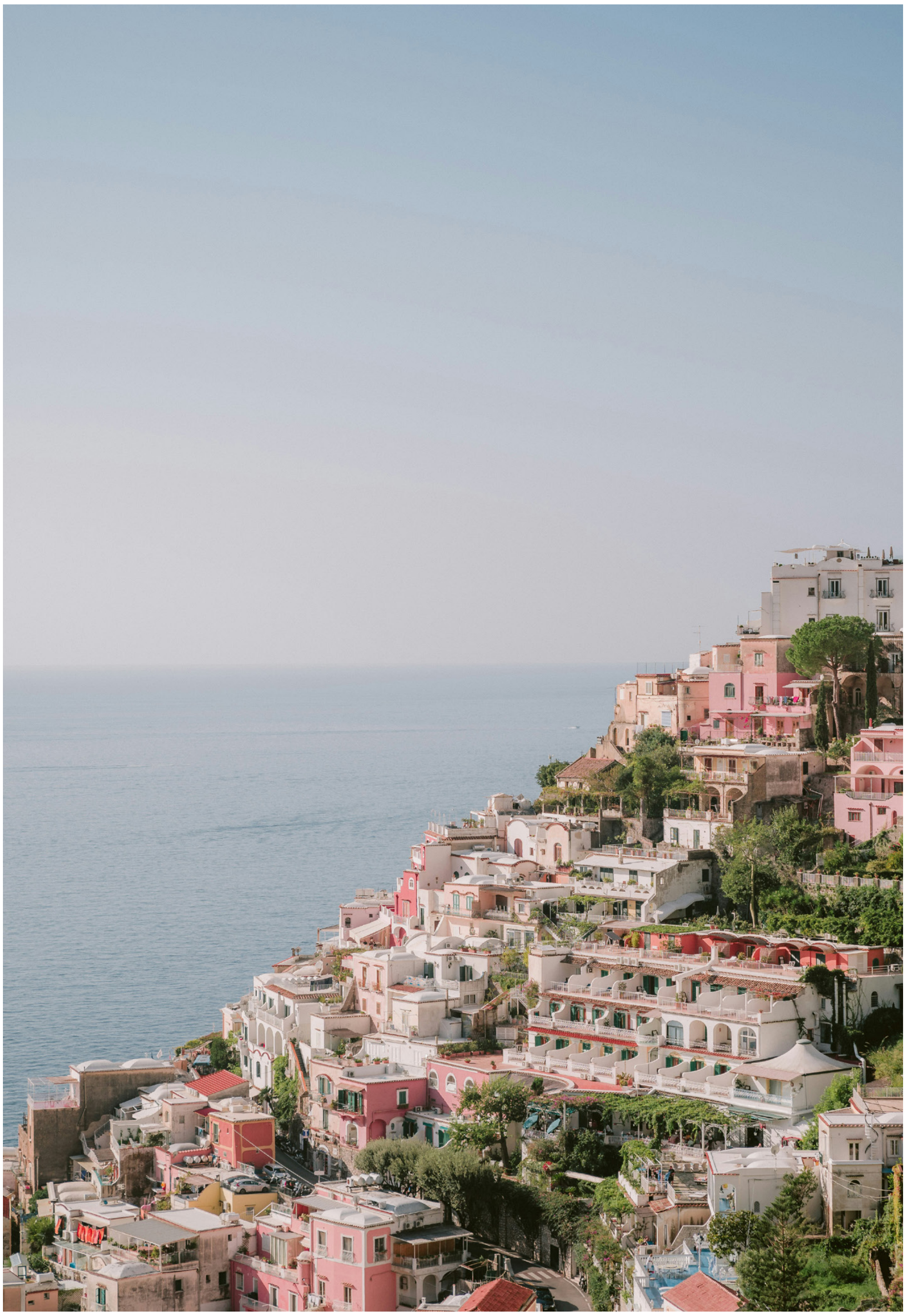
AORIS

Quarterly Report



September 2025

Aoris International Fund

Aoris Investment Management

Aoris is a specialist international equity manager founded in 2017. We are a focused business and manage a single international equity portfolio. Our investment approach is conservative, fundamental and evidence-based.

The Aoris International Fund

We own a concentrated portfolio of high-quality, wealth-creating businesses run by prudent and capable management. Owning a maximum of 15 companies allows our quality criteria to be unusually demanding and permits us to be discerning on the price we pay. We aim to deliver a return of 8–12% p.a. after fees over a 5–7-year market cycle.

Aoris International Fund

Performance to 30 September 2025

Class A (Unhedged – base fee option) Inception 26 March 2018	**September Quarter**	**1 Year**	**5 Years**	**Since Inception p.a.***
Portfolio return (AUD) net of all fees	−2.6%	13.1%	16.4%	15.5%
MSCI AC World Accum Index ex-Australia (AUD)	6.5%	23.0%	15.4%	13.5%
Excess return	−9.1%	−9.9%	1.0%	2.0%

Class C (Hedged – base fee option) Inception 28 September 2018	**September Quarter**	**1 Year**	**5 Years**	**Since Inception p.a.***
Portfolio return (AUD) – net of all fees	−1.0%	6.5%	12.8%	12.2%
MSCI AC World Accum Index ex-Australia 100% Hedged (AUD)	8.0%	17.0%	12.9%	10.4%
Excess return	−9.0%	−10.5%	−0.1%	1.8%

*Past performance should not be taken as an indication of future performance.

Market and portfolio performance

International equity markets, as measured by the MSCI AC World Accumulation Index ex-Australia, appreciated by 6.5% in the September quarter. (All returns are in A$ unless stated otherwise.) Equity markets rose by 8.0% in local currency, while changes in currency values detracted 1.5% from the A$ return.

As shown in the table on the previous page, the Aoris International Fund (Class A – Unhedged) declined by 2.6% for the quarter, underperforming its benchmark by 9.1%. The Aoris International Fund (Class C – Hedged) declined by 1.0% for the quarter, underperforming its benchmark by 9.0%.

The Fund's performance for the quarter materially lagged that of our benchmark, so it would be natural for you to have questions. In looking at the divergence in performance, I find it helpful to look firstly at what was happening in the portfolio, and secondly what was happening in the broader market.

Starting with **our portfolio**, there were three notable decliners in the quarter. Accenture and Jack Henry each fell by 18%, detracting 1.4% and 1.1% respectively from performance, while RELX declined by 12%, which had a –0.8% impact on portfolio return.

Accenture is the world's largest IT consulting and outsourcing firm. Some investors view Accenture as an 'AI loser', believing that the efficiencies generated by AI will diminish and devalue the role Accenture plays for its large corporate and government clients.

Our view is more positive. The consulting side of Accenture's business is driven by change. We expect that large organisations will turn to Accenture to help them rearchitect their IT infrastructure and business processes to benefit from AI. On the outsourcing side, Accenture's vast scale enables it to use AI more effectively than its clients themselves can, this creates efficiencies that make outsourcing business processes to Accenture more economically attractive.

A decade ago, there were investor concerns that the shift from on premise data centres to cloud computing would undermine Accenture's role, but instead it created new ways for it to grow and be relevant to its clients. While we are attentive to evidence to the contrary, our belief is that Accenture will be a beneficiary of AI and will continue its long history of profitable growth and success in the years ahead.

Jack Henry supplies critical software to credit unions and small to mid-sized banks in the US. Its software accurately records all deposit and loan transactions and manages a host of other functions from compliance, to bill payments, to online banking. So far in 2025, Jack Henry has gained market share and grown earnings at an attractive rate. Nevertheless, the company's 6–7% rate of revenue growth may be seen as dull by some investors when compared to the excitement and rapid growth in other pockets of the technology industry.

RELX supplies data, analytics and software tools to various professional markets, such as academic researchers, legal practitioners, insurance underwriters, banking, and corporate compliance. Some investors believe that AI will undermine the position RELX holds with its professional users, by allowing data to be scraped from the internet and applying AI tools, bypassing RELX.

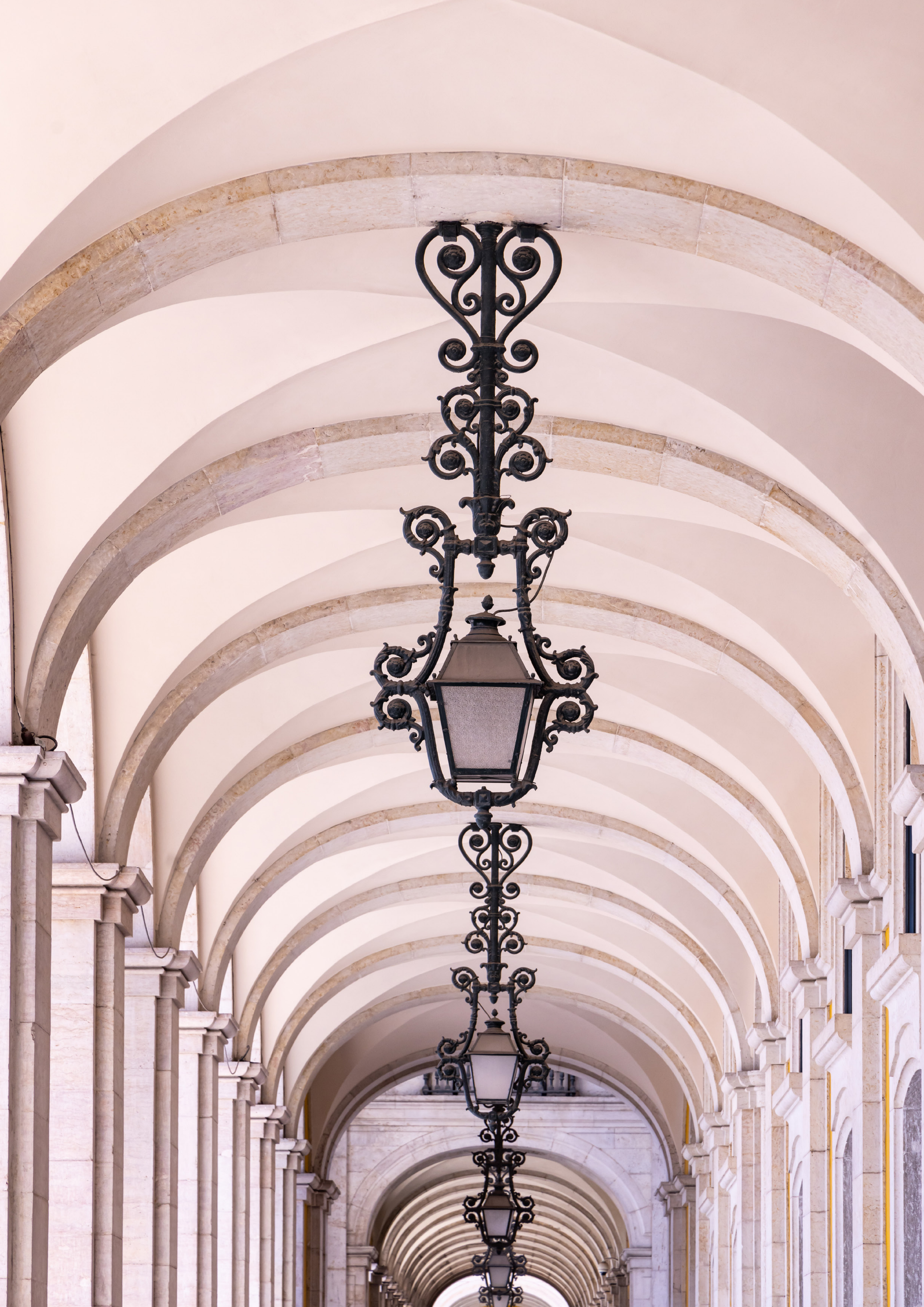
The data and software tools RELX supplies to its professional customers are proprietary, which we believe places RELX in a strong position to add value and create new productivity solutions through AI. The evidence to date has been highly encouraging. This is particularly the case in the legal market, where RELX's AI-powered products have been adopted rapidly, contributing to a sharp acceleration in revenue growth for that division.

We've provided more detail on Accenture and RELX in the 'Company profiles' section later in this report.

Amphenol was the strongest gainer in the portfolio for the September quarter, as was the case in the June quarter. Its share price appreciated by 23% in the three months to September, adding 1.6% to returns. Amphenol is a leading provider of electronic connectors and sensors, which the company supplies across a broad range of end markets. Data centres account for about one-third of Amphenol's revenue currently. Demand from this market has been extremely strong and this looks set to continue for some time to come.

Let's turn to the **broader market**. About half the 6.5% return for our benchmark in the quarter came from just four stocks – Tesla, Alphabet, Apple, and NVIDIA, which had gains ranging from 17% to 40%. None of these stocks are held in the Aoris portfolio, as we've deemed their competitive, regulatory or valuation risks unsuitable for our investment approach. China was the other notable area of strength in a market context, with that country's index appreciating by 19% for the quarter, but this is a country in which we won't invest due to its poor governance and rule of law.

While the market value of our portfolio in aggregate declined over the quarter, the intrinsic value of the 15 businesses continued their upward appreciation. Thus, we believe the portfolio represents better value today than it did three months ago. We are also confident our portfolio will deliver our target 8–12% p.a. returns, and outperform our benchmark over a full market cycle.



Company profiles

RELX

RELX's identity verification and fraud prevention tools are used by 9 of the world's 10 largest banks.

There are few businesses of global significance that have evolved as profoundly and as successfully as RELX. A quarter of a century ago, RELX was a print publisher, supplying books and periodicals to school students, lawyers, academics, and finance professionals.

Today, RELX supplies professionals in a wide range of industries with electronic data, analytics and software tools that are deeply embedded in the workflows of its customers. Practitioners and markets that RELX serves include academics, medical researchers, bankers, auto insurers, lawyers and government agencies. RELX helps them improve productivity, ensure compliance, reduce risk, disseminate their research, and make better lending and underwriting decisions.

Let's look at a few of the many ways RELX serves these markets.

RELX plays a central role in keeping online banking, insurance, government transactions and ecommerce safe and secure. When an individual is making an online transaction or accessing their bank details, RELX can detect anomalies by instantaneously matching information about the device being used and the user behaviour to its device and identity database, including dozens of signals such as typing patterns and even mouse movements. RELX is used in this way by 9 of the world's 10 largest banks.

There is an interesting network effect here – the more participants that feed data into RELX's Digital Identity Network the 'smarter' it becomes, making it more valuable to all participants. RELX also provides

AI models are nothing without data. This places RELX in a powerful position.

a set of financial crime and compliance tools to help these same organisations combat money laundering, sanctions evasion and fraud.

In the insurance industry, virtually all US auto insurers use and contribute to RELX's CLUE database of accident claims and vehicle and driver histories. When a vehicle owner is applying for a new policy, the insurer will access CLUE and be able to assess and price the risk more accurately, especially if the driver or vehicle hasn't previously been with that particular insurer.

In the academic world, RELX's SCOPUS is the world's largest database of abstracts and citations of academic research, covering over 76 million papers. Researchers use SCOPUS much like a search engine for scholarly literature, but with curated, peer-reviewed content and advanced filtering tools.

Lastly, RELX's LexisNexis software is used by lawyers to help with research, improve productivity in their daily workflow and inform decision making.

At a high level, RELX serves professionals with tools that enable them to make better decisions, get better results and be more productive. Each year, RELX's tools become more valuable to its customers, more deeply embedded in their workflows, and improve their productivity and business outcomes. What then of AI?

AI models are nothing without data. This places RELX in a powerful position, as the data it has across its various professional end markets is vast, comprehensive and proprietary. For example, in its Legal business, RELX has the largest collection of legal reference data in the world, which isn't accessible to third-party AI models. In addition, RELX has launched a variety of AI tools over the last two years, helping its legal customers to draft memos, research legal precedents, monitor changing regulations and conduct due diligence. Customer adoption so far has been rapid, contributing to an impressive acceleration in revenue growth in the Legal division.

We see AI as a significant opportunity for RELX – not as a threat – and are confident the company will continue its recent history of accelerating revenue growth and improving profitability.

Accenture

All of Accenture's 100 largest clients have been with the company for more than a decade.

Accenture is the world's largest consulting and outsourcing company, employing close to 900,000 people.

Accenture is essential to the efficient operations of the world's largest businesses and public sector entities. All of Accenture's 100 largest clients have been with the company for more than a decade.

About half of Accenture's revenue comes from consulting services, where it helps clients deal with change. When we hear the word 'consultancy', it's easy to think of PowerPoint presentations and expensive reports used to justify a decision a client has already made. It conjures up images of waste rather than productivity. For Accenture, the reality is very different. These are typically large, multi-year projects that involve work such as helping a customer implement new software systems, simplify their IT infrastructure, move it to the cloud, or build an ecommerce platform or digital marketing capability.

Accenture's leadership and scale allow it to organise itself by industry, such as banking, health care, and consumer packaged goods. Having many flagship clients in each industry means Accenture knows what best practice looks like, so it can help its clients benchmark themselves and move towards best in class.

Accenture has over 300 large customers that spend an average of US$115 million per year with it.

The other half of Accenture's revenue comes from managed services, or outsourcing, which covers a broad scope of work. Accenture may manage cybersecurity for the customer, which is a risk of rapidly rising importance and one in which Accenture will have expertise superior to that of its individual clients' in-house teams. A client may outsource to Accenture oversight of its cloud infrastructure or its software applications; or managing uptime, bugs, access rights, updates and so on.

Customers will outsource a process to Accenture where Accenture can do it more efficiently and effectively than the client themselves. Accenture invests well over US$1 billion a year in research and development and US$1 billion a year on staff training, so it has skills, tools and software platforms it can leverage across its client base.

Small businesses like Aoris have relatively simple IT needs and there are many firms we can turn to for help. Accenture is one of few firms that can effectively address the needs of large, complex, multi-geography organisations, and that is its focus.

Accenture's breadth of capabilities is a powerful asset, from consulting and project design through to outsourcing, from ecommerce to cloud, to code generation and cybersecurity, and with a presence in almost every country in the world. It is simpler and more effective for the client to deal with Accenture as a one-stop-shop solution than use a patchwork of third-party providers.

Accenture has over 300 large customers globally that spend an average of US$115 million per year with it.

The nature of Accenture's work is that each year, technology makes their services cheaper to deliver than the year before. It is naturally deflationary. By investing in and using technology at a scale their clients themselves generally cannot, Accenture creates efficiencies that it shares with its clients. At the same time, the client will generally have new needs that require Accenture's help. In this regard, AI is nothing new.

AI is a powerful productivity tool and one that Accenture is investing in heavily, creating skills and capabilities it can bring to its clients to make business processes faster, cheaper and more reliable. Clients also turn to Accenture for its expertise in changing business systems and processes so AI can be applied most effectively. In the year to August 2025, Accenture's generative AI revenue grew to US$2.7 billion, while generative AI bookings doubled to US$5.7 billion.

Over the last decade, Accenture has grown its earnings per share at 10% p.a., which is twice the rate of earnings growth from the average global business. Based on the investments Accenture is making to stay relevant to its customers, be a partner of choice to help its customers be more efficient, and maximise the benefits of new technologies like AI, we see Accenture becoming a more valuable business at an attractive rate for many years to come.

Portfolio Changes

Purchases

SAP

SAP is the world's leading enterprise resource planning (ERP) software company, which is an integrated set of applications across HR, finance, manufacturing, supply chain management and customer relationship management. Of the world's 100 largest customers, 99 use SAP and, remarkably, 77% of the world's transactions each day touch an SAP system.

We've been interested over the last few years in how many companies we admire not only use SAP but also cite SAP as critical to their ongoing efficiency efforts. L'Oréal, Grainger and Cintas all frequently call out their increasing use of SAP's software as a material contributor to their productivity improvements.

As is the case with many software companies, SAP's applications are increasingly being hosted in a cloud environment such as Microsoft Azure rather than its customers' own data centres. As customers transition to the cloud with SAP, their annual spend with the company typically increases 2–3x as they take additional SAP applications to simplify and de-risk their IT infrastructure. On top of this, customers are increasingly adopting SAP's data analytics and AI tools. While it's early in the roll-out of these tools, customer interest has been very strong, and we believe this presents a significant earnings opportunity for SAP in the coming years.

As enterprise computing continues its shift to the cloud, we expect SAP to become increasingly relevant to its existing customers and to continue winning new ones, with AI playing a central role.

IHG Hotels & Resorts (IHG)

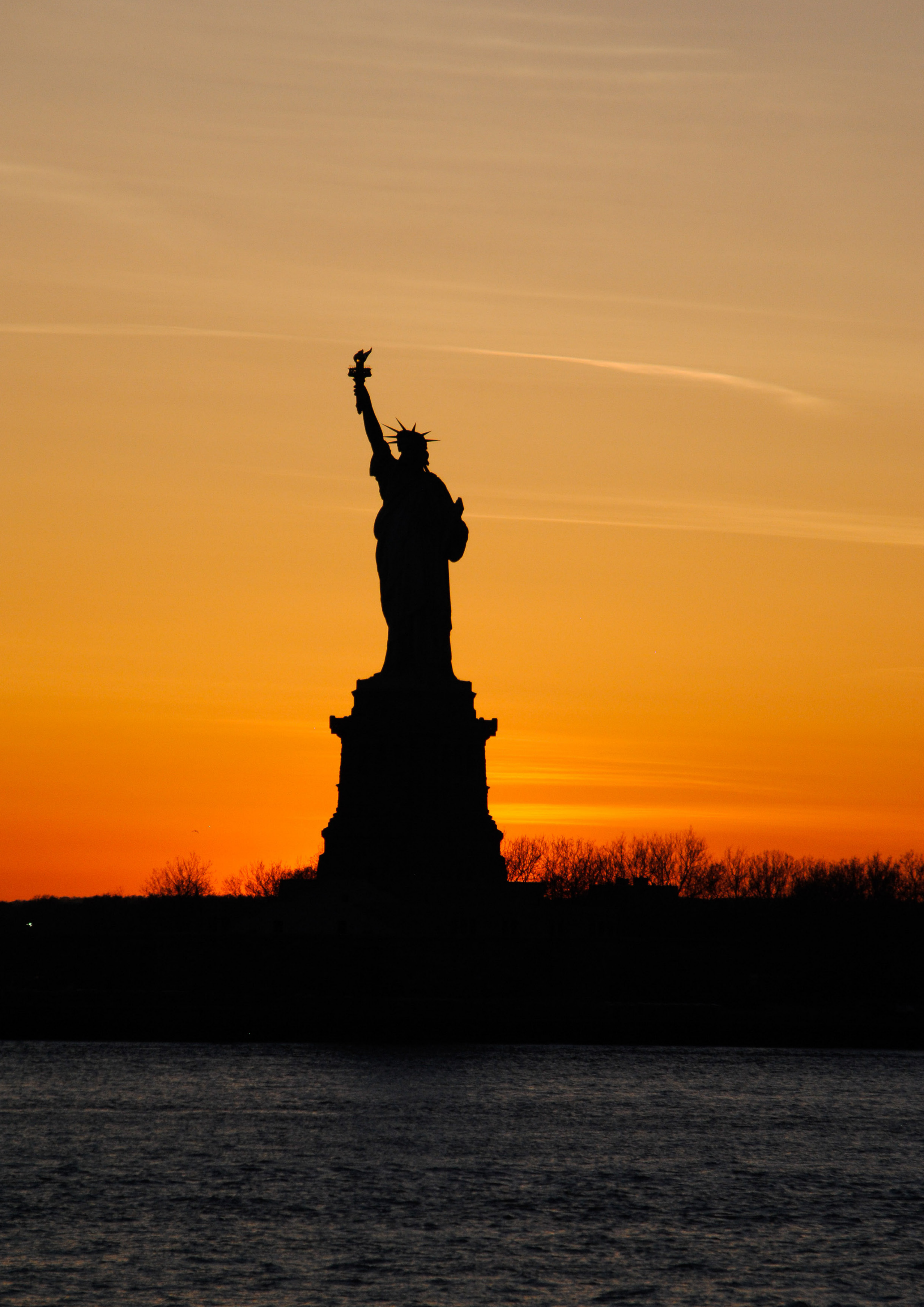
IHG is the brand owner and franchisor of hotel chains globally. There are 20 brands in total across IHG's 6,600 hotels. Its largest brands are Holiday Inn, which accounts for around half its revenue, as well as InterContinental and Crowne Plaza.

In return for a franchise fee, IHG provides hotel owners the benefits of its loyalty program (IHG One), reservation system, and revenue management system. It's more economically attractive for a hotel owner to operate as an IHG franchisee than an independent hotel. As such, an increasing proportion of new hotels are choosing to partner with IHG, while many existing independent hotels are converting to operate under an IHG brand. IHG today accounts for 4% of global hotel rooms, yet 10% of the pipeline, which is an indicator it should continue to gain share and grow profitably for many years to come.

Sales

Copart

Copart provides an auction service primarily to US auto insurers looking to sell vehicles deemed too expensive to repair. The company has a single competitor of note: IAA Inc. After many years of losing share to Copart, IAA has in the last year improved its operating performance and regained some market share. This caused us to question Copart's competitive strengths, as well as its long-term growth and earnings prospects, and we sold it from the portfolio in early July.



How To Say Goodbye

Written by Alasdair Kingham,
Senior Equity Analyst

Introduction

The world isn't short of books to help investors identify attractive businesses to buy, but there's little written on when to sell. Yet selling is a critical part of the investment process.

Selling is difficult and not everything written on the subject is helpful. If we followed simple but reasonable-sounding adages like 'buy low, sell high' or 'don't trim your flowers and water your weeds', we'd quickly tie ourselves in knots.

At Aoris, we have a disciplined sales process that helps us overcome these difficulties. We believe our process is repeatable, and although not immune from error, it has contributed positively to performance. It has helped us avoid owning businesses in decline, and holding on to expensive stocks that subsequently delivered disappointing returns.

Most of the stocks we have sold have gone on to underperform our benchmark index, some by a large margin. In this feature article, we share the thought process of our sale decisions and look at how they have added value to our investment performance.

Why we sell

We look to sell portfolio holdings when we believe either valuation or a lapse in quality will detract from investment returns.

Our investment goal is to generate 8%–12% p.a. returns through the cycle, net of fees. We aim to do this by owning high-quality businesses at attractive valuations, where the risk of a disappointing outcome is low. We expect the bulk of investment returns to come from our businesses growing in intrinsic value.

We look to sell portfolio holdings when we believe either valuation or a lapse in quality will detract from investment returns.

Valuation sales are relatively straightforward. They occur when the market price of one of our holdings is sufficiently above our estimate of what we think the business is worth, or where we believe we've found another business of equivalent or better quality to one in the portfolio, but trading at a more attractive price.

Quality sales are those where we believe the business has deteriorated in quality, or we've made a mistake appraising how good a business really is. When this happens, we are disciplined in selling and will exit our investment regardless of valuation.

Since the inception of the Fund in 2018 we have sold 31 stocks, or about four a year.

We're disciplined when selling for valuation

> In aggregate the stocks we've sold for valuation reasons have subsequently underperformed the index by 5% p.a.

At Aoris, we believe valuation matters. If the share price is rising faster than intrinsic value, there is a degradation of expected investment returns.

We expect our portfolio companies to grow their earnings and intrinsic value over time, but sometimes the share price overshoots the growth in intrinsic value. We also recognise there's a margin of error around any valuation, so we won't sell immediately when the share price reaches our valuation, but we're also disciplined about selling portfolio companies when the gap between the two becomes sufficiently wide.

Selling a business that has done well might not always feel easy, but sticking to our valuation discipline makes it a relatively simple decision. It ensures we don't fall in love with a stock, and can recycle capital into other quality businesses trading below what we think they're worth.

Markets are inherently volatile, so selling for valuation doesn't have to mean saying goodbye forever. We know that each year the share price of individual companies declines on average by 30% from their highs, so we believe that if we're patient, the market should provide opportunities to repurchase at a fairer price the businesses we've sold on valuation grounds.

Several years ago, we sold L'Oréal and Halma due to valuation and were later able to repurchase them at more attractive valuations.

Most of the stocks we've sold for valuation reasons have subsequently underperformed the index and in aggregate underperformed by 5% p.a., indicating our valuation discipline has added value to our investment outcomes.

Selling for quality requires judgement

Quality sales call for more judgement than valuation sales. They force us to overcome a paradox that we wrote about in our June 2025 feature article: the conflict between patience vs. urgency that comes with being long-term investors. We want to be patient, long-term owners of high-quality businesses. At the same time, we know history is filled with once great businesses that have become less special, and holding onto a business in decline can lead to disappointing investment outcomes.

We know all businesses will inevitably go through tough times, so we don't want to panic when they do. But we also don't want to ignore actions by management, or a changing environment, which may be the start of a great business becoming simply average. This requires us to separate short-term headwinds from long-term signs of decay. This is not easy to do and is why selling for quality is difficult.

The remainder of this article focuses on how our process aims to overcome this inherent conflict and ultimately make the decision to sell for quality.

To maintain conviction and be long-term owners, we need to separate signals from noise

Investors face a deluge of information and it's important to separate true signals from noise – short-term headwinds from long-term decline. As mentioned, we expect most of our returns to come from the businesses we own compounding in value over time. This means we don't want to jump at shadows each time a company goes through a tough period, or its share price underperforms.

One element of our investment process that helps with this is our formal thesis reviews. A thesis review is automatically triggered when one of our portfolio holdings underperforms our benchmark by more than 20%, or if we think the environment has changed to the detriment of the business. The review forces us to ask ourselves where we could be wrong, helps us identify if the facts have changed, and if we need to change our minds.

We've owned businesses like Experian, Amphenol, and Accenture since the Fund's inception. They've all experienced periods of share price underperformance during the time we've owned them, triggering a thesis review. On each occasion we felt comfortable keeping, and in some cases adding to, our investment.

The ability to separate false signals from true signs of business decay is an important part of our process. It helps us to avoid selling high-quality businesses going through a difficult period, and to identify risks that could cause a great business to become average.

How we identify business decline

If we decide to sell for quality reasons, it's because we've lost confidence in the long-term outlook for the business.

To help us make these judgements, we lean on the anti-fade mental model we wrote about in our March 2024 feature article. History shows us that over time, most once great businesses have faded and become less special. Therefore, we consider fade as the norm rather than the exception, and assume a business is declining in quality unless we can prove otherwise.

We look to identify risks that indicate a decline in quality – before they show up in the financials.

Good businesses will rarely decline overnight, and unfortunately nobody will inform us once decline has begun. Management certainly won't broadcast it on their earnings calls. Therefore, we look to identify risks that indicate a decline in quality – before they show up in the financials.

We believe management play an important role in preventing fade, so we are sensitive when they take actions that we think may precipitate decline. These include reducing the pace of investment to focus on higher margins, excessive price increases that leave a bad taste in customers' mouths, or failing to adapt to changing client needs. These actions might not guarantee business decline, but they increase the risk of fade and the range of outcomes for a business.

Conversely, if management continue investing in growth and increasing the value they provide to customers, we think they are well placed to avoid decline. We're less likely to sell businesses that are continuing to grow faster than their end markets, win more customers, and do more for existing customers.

Management communication also plays a role in our decisions to sell. As shareholders, we expect management to treat us as co-owners of the business. If we feel a company's communication lacks candour and doesn't allow us to deeply understand the issues a business might be going through, we will look to exit. This is especially important when a business is going through a difficult period. Poor management communication played a role in our sales of Nike and CDW.

Making a judgement on business decline is not easy, but our anti-fade framework helps us identify actions that we believe increase the chances of a business becoming less relevant before it shows up in the financials.

We're disciplined in selling quickly when confidence is lost, regardless of valuation

Once we identify potential signs of decline, we are quick to sell.

Once we identify potential signs of decline, we are quick to sell. When we make investment decisions, we recognise we're always operating with incomplete information. When an investment deviates from our expectations, the temptation for investors is to keep waiting for the next data point, to feel like they're making a more informed decision. But in most cases gathering more information is not helpful, and we need to make decisions based on our judgement of the few key factors that are important to each investment.

Beyond acting on incomplete information, sell decisions can also be uncomfortable because they require us to acknowledge we made a mistake, or that things have changed in a way we didn't expect.

It might feel uncomfortable, but we are disciplined and will exit a position if we are losing confidence in the quality of a business. We don't want to bear the risk and consequence of owning a declining business. If we were wrong in selling a business that actually isn't in decline, we can always reassess our decision from the sidelines and repurchase the business at a future point.

If we think a business is declining, that our investment thesis has been invalidated, or we made a mistake assessing the quality of a business, we will sell regardless of valuation. Our view of business quality is a key input into our valuations, so if we believe a business is declining, we don't gain comfort from what may look like a discounted price.

Businesses in decline may look attractively valued, but we need to remain disciplined in our quality first approach. Most of our quality sales were trading at what looked like cheap valuations at the time, and most became even cheaper.

In aggregate the stocks we've sold for quality reasons have subsequently underperformed the index by 8% p.a. on average.

This disciplined process led us to sell Nike due to concerns of management focusing too much on ecommerce sales at the expense of traditional retailers – where consumers still like to shop – which eventually opened the door to new competition. In hindsight we could have identified these issues earlier, but once we lost confidence in management we were quick to sell. Since our sale, the stock has underperformed our benchmark by 35%.

Our process means we sell quickly when events change, regardless of how long we've owned a business. Just three months after we invested in S&P Global, the company made a large acquisition that introduced material risks around its integration and created distractions from its core businesses. We decided to sell our investment the day after the deal was announced, despite our short holding period. We've observed the integration from afar and subsequently resumed our research on the business once we felt the long-term risks from the deal had subsided.

The majority of our quality driven sales subsequently lagged the index, and in aggregate underperformed by 8% p.a. on average. This gives us confidence that remaining disciplined on quality, and exiting quickly once we lose confidence in a business, has added to our investment performance.

Assessing the success of our sale decisions

Our aim is to generate investment returns above our benchmark index, so it's reasonable to measure the success of our sale decisions against the returns of the index.

Looking at our 31 sales, they have on average underperformed our benchmark by 7% p.a. after we've sold them. Further, 22 of the 31 have underperformed – indicating that more often than not we make the right decision to sell.

Investing is a probabilistic pursuit and the share price only tells you so much. Sometimes good decisions don't result in good outcomes, and vice versa. Just because a business we sold for quality reasons continues to appreciate in the year or two since we sold it, doesn't mean we made a poor decision. Equally, just because a stock declines after we sold it doesn't necessarily mean we've made a good decision.

That said, looking at the post-sale operating and share price performance of businesses we've exited, we believe our process has improved investment outcomes.

Conclusion

We have a disciplined selling process that can be characterised as selling quickly if our confidence wanes or if valuation becomes excessive. This sounds easy in theory, but in practice it is difficult and often uncomfortable. It requires us to remain open-minded and accept when we are wrong.

Despite the difficulties and judgement required, we believe our process is repeatable if we maintain our high-quality threshold for the portfolio and are disciplined in selling once we lose confidence in a business, regardless of how uncomfortable it might be or how cheap the valuation might appear.

Not all our decisions will be correct, but we think our process has helped avoid disappointing outcomes and has contributed positively to our investment returns.

Portfolio companies

Get in touch

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