AORIS

Quarterly Report

September 2026

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 2026

Class A (Unhedged – base fee option) Inception 26 March 2018	**September Quarter**	**1 Year p.a.**	**5 Years p.a.**	**Since Inception p.a.***
Portfolio return (AUD)	3.6%	–5.9%	9.8%	12.8%
MSCI AC World Accum Index ex-Australia (AUD)	1.2%	11.3%	12.5%	13.2%
Excess return	2.4%	–17.3%	–2.7%	–0.5%

Class C (Hedged – base fee option) Inception 28 September 2018	**September Quarter**	**1 Year p.a.**	**5 Years p.a.**	**Since Inception p.a.***
Portfolio return (AUD)	4.5%	0.3%	7.8%	10.6%
MSCI AC World Accum Index ex Aust (AUD) Hedged	1.4%	17.7%	11.3%	11.3%
Excess return	3.1%	–17.4%	–3.6%	–0.7%

*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, rose by 1.2% for the September quarter. Equity markets appreciated by 1.4% in local currency terms, while currency changes detracted 0.2% from the AUD return.

As shown in the table on the previous page, the Aoris International Fund (Class A – Unhedged) returned 3.6% for the quarter, outperforming its benchmark by 2.4%. The Aoris International Fund (Class C – Hedged) returned 4.5%, which was 3.1% ahead of its benchmark.

The two largest positive contributors to performance for the quarter were Microsoft and SAP, both of whose share prices appreciated by 37% over the three months, adding 2.4% and 1.7% respectively to Fund return. Cintas rose by 14% in the quarter, adding 0.9% to Fund performance, while Diploma gained 8%, contributing 0.7% to performance for the quarter. These companies are discussed in more depth in the next few pages.

The main detractors from performance were Compass Group and Halma, which declined by 9% and 11% respectively, and had a negative impact on Fund returns of 0.8% and 0.7% respectively. In the case of Compass Group, there is nothing of concern that we can point to, and the operating performance of the business has been consistent with our expectations for the last few quarters.

In the case of Halma, this is a broad business serving many specialty markets, with about 20% of revenue currently derived from data centre construction. This has been a source of strong growth over the last couple of years, but there is some market concern regarding the risk of data centre build-out slowing, as well as the fact that their data centre revenue comes from a single customer. We are mindful of this risk, but comfortable given the breadth of the group and the good growth it has experienced in the rest of its activities.

Two underappreciated aspects of Microsoft and SAP begin to shine

For most of the last two years, it seemed that what most equity investors cared about when it came to AI was model capability. The view, in a nutshell, has been that the most powerful model wins, and wins big. Anthropic's Claude model led the rankings for much of this period, in competition with OpenAI, Google's Gemini and others. Microsoft's AI offerings have looked distinctly pedestrian by comparison.

At the same time, the rapid pace of improvement in model capabilities encouraged investors to look forward and imagine what would be possible a few years into the future. Exponentially improving model power would make almost anything possible – including shorter working weeks for more pay. Existing enterprise software and data businesses would be swept aside, regardless of how strong their position appears today.

Over the last few months, the premise that the name of the game in AI is model power has shifted. Two attributes have rapidly become more important considerations for business and government users of AI, and these are trust, or data security, and value. This is now resulting in a recalibration by investors of the strengths and weaknesses of incumbent software and data companies relative to the new entrants.

- Trust – in recent months there have been several reports of AI models 'going rogue', hacking corporate or government databases, including that of Medicare in Australia, or leaking sensitive data.
- Value – having for much of the last year or so encouraged their employees to use the most advanced and expensive AI tools, there have been many recent reports of enterprises getting nasty surprises when the bill came in.

Trust and value are areas where Microsoft has tremendous strength, placing them in an increasingly advantageous position when corporates, governments, healthcare organisations and universities consider which vendors to turn to for AI tools. Microsoft has decades of experience in managing security, governance and sovereignty for these types of organisations, and understanding the regulated nature of the data at the heart of a great many of its customers.

Copilot, Microsoft's AI chatbot and agent, is a multi-model AI platform. Copilot can route a particular task to one of a number of models, including Microsoft's own, as well as third-party ones such as Claude, based on cost as well as capabilities and customer preference. It does this within Microsoft's tight governance, data protection and user-permissioning framework.

Microsoft is not the only portfolio company that is well placed as organisations attach greater weight to trust and value. SAP has decades of experience in protecting sensitive data for its large, often regulated customers. This is a far stronger position than many investors had given credit for just a few months ago. SAP is introducing AI tools to help its customers automate complex business processes. These tools and agents are helping SAP offer considerable benefits to its customers in both trust and value compared to AI new entrant alternatives.

RELX is similarly advantaged with the rising importance being attached to trust and value. RELX provides proprietary data and analytic tools that inform decisions in end markets including legal practices, academic publishing, auto insurance underwriting, and financial transactions. It has decades of experience in understanding the regulations regarding data governance in each of these markets. In the legal market, RELX has introduced AI tools, branded Protégé AI, which make its proprietary data much more valuable to its customers. Protégé AI is multi-model and has seen rapid client adoption. Pleasingly, not only is the number of users of these tools growing, but also the daily usage per user is rising.

Similar benefits in trust, or data security and governance, and value apply to portfolio companies Experian, Jack Henry, Moody's, and Bentley Systems.

Earnings growth of portfolio companies

The operational performance of our portfolio companies over the most recent quarter has been pleasing. Median growth in earnings per share was 15% across the portfolio, with no company falling short of our expectations in any meaningful way.

Earnings scorecard – most recent reported period

Company	Revenue Growth	EPS Growth	Aoris Assessment
SAP	+11%	+7%	Above
Visa	+14%	+11%	Above
Amphenol	+30%	>60%	Above
Grainger	+14%	+20%	Above
Diploma	+15%	>40%	Above
Cintas	+11%	+13%	Above
RELX	+7%	>10%	In line/Above
Microsoft	+17%	>20%	In line/Above
Compass Group	+7%	+12%	In line
Moody's	+16%	>20%	In line
Bentley Systems	+12%	+13%	In line
Halma	~12%	Trading Update Only	In line
Experian	+7%	Sales Result Only	In line
IHG	+6%	+13%	In line
Jack Henry	+7%	+12%	In line

Source: Company data and Aoris analysis

Good earnings growth and operational performance contributed to strong share price performance in the quarter for both Microsoft and Cintas.

Microsoft's June quarter, reported in late July, showed strong progress in key cloud and AI metrics.

- The number of paid subscribers to Microsoft's Copilot AI tool increased by 10 million in the June quarter, a sharp acceleration from the 5 million subscribers added in the March quarter. Importantly, not only are the number of users growing, but daily usage per user is also rising.

- Revenue for its Azure cloud computing business also grew sharply, up by 43%. We feel this is encouraging and gives us confidence that Microsoft will earn a good return on the large capital expenditure commitment it is making in cloud computing infrastructure.

When we think about data centre construction and the competition Microsoft faces from 'neocloud' data centres, it is worth noting that Microsoft is one of only two companies still rated AAA by both Moody's and S&P. As the cost and availability of capital becomes challenged for the neocloud competitors, as we have seen with the aborted IPO of Firmus, Microsoft is in a particularly advantaged position.

RELX reported underlying revenue growth of 7% for its June half and EPS growth of 10%. Growth in the legal market has accelerated to 10%, due largely to the adoption of the Protégé AI product.

Operating performance for portfolio companies' businesses outside the software and data markets has also been pleasing. Cintas' organic revenue growth for the August quarter was 9%, an acceleration from prior quarters, with two-thirds of this growth continuing to come from first-time outsourcers. Pleasingly, Cintas has been increasing prices by less than US CPI, and the vast majority of its growth continues to come from doing more business with more customers. Cintas has retained its customers on average for over 25 years.

For Grainger, a leader in the US industrial distribution market, revenue in the June quarter increased an impressive 17%, with EPS rising by 20%.

Higher interest rates will favour strong and conservatively valued businesses

During the September quarter and into October, long-term interest rates rose sharply in many countries, including Australia, hitting multi-decade highs. A period of higher interest rates could have broad implications. For investors, higher rates make the alternatives to equities more attractive, both cash and fixed income.

Higher rates will pressure weaker businesses. Those with lax cost management, whose value to customers is poor, and carry a high level of debt relative to their cash flow, are poorly placed. Unprofitable and cash-hungry businesses, of which there are many in the AI ecosystem, are particularly vulnerable.

We favour businesses that are efficiently run, conservatively financed, and provide compelling value to their customers. In difficult and more challenging economic conditions, businesses with these characteristics pull ahead of their competitors, as we saw during and after the COVID pandemic.

All our portfolio holdings have net debt less than 2.5x earnings before interest, tax and depreciation, which we consider a conservative level of financial gearing.

Portfolio Changes

Purchases

None

Sales

None

Company profiles

Grainger (W.W.)

Grainger is the largest distributor of maintenance, repair and operating (MRO) products in the United States. These are unglamorous but essential items that are needed to keep facilities running, such as light bulbs, safety gloves, cleaning supplies, drill bits, water pumps, air compressors and electric motors.

The company serves more than 4.6 million customers across factories, hospitals, schools, military bases, warehouses and local governments, with a product range numbering more than 30 million.

A facilities manager doesn't want to spend an afternoon calling five suppliers to source eleven different items. They want to easily find the right products, place one order, and have them arrive the next morning – in a single box, on a single invoice and at a competitive price. Grainger does exactly this.

This service sounds simple, but it is difficult to do repeatedly well. It requires a purpose-built distribution network of warehouses, trucks and technology. It requires knowing, for every order, which locations should ship each item, so the whole order arrives together. And it requires that customers can easily find what they need in what is a vast assortment of products.

Despite its size, Grainger has only a 7% share of the US MRO market, a share that has risen from 4% a decade ago. The majority of their market consists of thousands of regional and family owned distributors, who have gradually lost share to Grainger and its larger peers. These smaller competitors often have strong local relationships, but few can fund the distribution network, product breadth, and digital capability that Grainger has built.

We like the way Grainger is run. Management are competitively hungry and aim to outgrow their market each year, which they have done for many years. They have continued to invest in distribution capacity, sales headcount and marketing even when demand has been weak. And when tariffs raised their costs last year, they chose to absorb the increase for a period rather than passing it on immediately. This was a short-term cost to margin but helped strengthen customer relationships.

Grainger has grown earnings per share at approximately 12% a year over the last decade and has increased its dividend for 54 consecutive years. We expect Grainger to keep taking share from smaller distributors, to keep making itself more useful to the customers it already has, and to become a more valuable business at an attractive rate for many years to come.

Compass Group

Based in the UK, Compass Group is the world's largest contract catering business. Each day, Compass serves millions of meals around the world to customers at a wide variety of sites, including businesses, schools and universities, hospitals, sports venues, and remote mining and defence sites.

At each of these sites, Compass serves very different needs. In hospitals, it provides meals that meet strict nutritional requirements. In schools and universities, it serves students and staff throughout the day. In offices, factories and remote sites, it helps employers provide food services that improve convenience. At sporting and entertainment events, it needs to serve a large volume of meals in a short space of time. While catering may seem like a simple activity, delivering it consistently across thousands of locations requires experience and careful execution.

Some of Compass' thousands of customers include Wimbledon, the National Gallery of Victoria, Google, Mayo Health Clinic, Disney World, and BHP. The company has longstanding relationships with most of its customers, keeping them on average for 25 years. It has been serving food to the crowds at Wimbledon since 1982!

For most organisations, running food services is not a core competency. A university's expertise is education, a hospital's focus is patient care, and a corporation's goal is serving its customers. Managing food services requires expertise, investment and scale that many organisations prefer not to build internally.

Compass helps its customers outsource that responsibility. Its scale allows it to purchase food more efficiently, invest in better systems and deliver a higher quality service than many customers could achieve on their own. This often results in a better experience for its customers while also reducing their costs.

The opportunity for outsourcing remains significant. Many organisations still operate food services themselves, and around half of Compass' new contract wins come from customers that are outsourcing for the first time. As food services become more complex, the value of specialist providers like Compass continues to increase.

Compass also has its own purchasing organisation, Foodbuy, which buys billions of dollars of food and other products each year. This allows Compass to negotiate attractive prices with suppliers while maintaining the quality standards its customers expect. As Compass grows, its purchasing power grows too, making the business increasingly competitive over time.

The market occasionally worries about labour inflation, food cost volatility or slower economic activity. However, Compass has demonstrated an ability to manage these pressures through productivity initiatives and contract structures. Its global scale and long history of execution have allowed the business to consistently grow earnings and generate attractive returns on capital.

We believe Compass remains well positioned to benefit from the ongoing trend towards outsourcing, and its ability to deliver higher quality food and support services more efficiently than most organisations can achieve on their own. As a result, we expect Compass to continue creating value for customers, employees and shareholders for many years to come.

Common Attributes of Uncommon Businesses

Written by Alasdair Kingham,
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Introduction

The next time you board a plane, turn on a tap, or use an electronic device, chances are you're relying on products made or supplied by businesses you've never heard of. Their products rarely attract attention, and most people wouldn't give them a second thought. These businesses aren't household names, but they have achieved extraordinary financial results.

The companies we're referring to are Amphenol, Halma, and Diploma. They all provide mission-critical products to businesses, operate in fragmented markets, and serve a broad range of end markets.

That all sounds good but the same could be said for many businesses that haven't enjoyed the same success. So, what is it about these companies that has enabled them to comfortably outperform peers and grow earnings at double-digit rates over many years?

In this feature article we take a closer look at four characteristics we see time and again among successful businesses across different industries. These are:

- A deep commitment to decentralisation
- Have the right incentives and culture
- A focus on adding rather than extracting value from customers
- Opportunities to reinvest capital via bolt-on acquisitions

We believe these attributes help explain how seemingly ordinary businesses have achieved extraordinary results.

What these businesses do

"Success is driven less by what they do and more by how they do it."

Before delving into the common characteristics, it's worth touching on what these businesses do.

Amphenol provides interconnect, sensors and antennas that go into a broad range of electronics we use every day. If you have an iPhone, drive a car, have flown on a plane, or have submitted an AI query, then you have used its products. The products have the attractive characteristics of being useful across a wide range of end markets and being low-cost but mission-critical components.

Halma is a group of businesses that operates in niche markets where there is a focus on safety, health and the environment. Its products include robots used for monitoring undersea infrastructure, detection systems to help factories and mines detect hazardous gas leaks, and sensors that stop elevator doors from closing on people. The markets Halma serves are all supported by trends towards higher safety and environmental standards.

Diploma is a diverse collection of value-added distributors that provide specialised products that are critical components in their customers' value chains. It has businesses that help manufacturers get replacement parts for out-of-warranty industrial robots, custom seals for beverage bottling plants, and fasteners for planes. The commonality across their businesses is they are not just a middleman, but also add value through technical expertise, responsive service, and bespoke solutions, which help customers minimise disruption and keep essential operations running.

At first glance, there appears to be little in common. They operate in different industries, serve different customers and sell different products. However, we believe their success is driven less by what they do and more by how they do it. As we will explore, they share several distinctive characteristics that have contributed to their success.

Deep commitment to decentralisation

Being decentralised or centralised is not a binary choice and all businesses operate on a spectrum.

Centralisation has benefits like strategic and brand consistency, cost advantages from consolidating support functions and procurement, and greater coordination and control over behaviour and processes. It may suit businesses in highly regulated industries like banks and energy providers, or those with standardised products and services like airlines.

The benefits sound reasonable but like everything there are trade-offs. As decisions are made further away from customers, local nuances can be missed, and businesses can become less responsive to changing customer needs. Requiring approvals from head office can also slow down operational decision-making, reduce accountability, and may mean employees are less empowered to improve performance.

There are numerous examples of companies that looked to centralise decision-making, only to reverse course as the drawbacks impacted results. A good example from history is Home Depot. In the early 2000s autonomy was taken away from store managers, decision-making was centralised, and efficiency gained greater importance over service. It was during this period that customer service metrics declined and Home Depot lost share to Lowe's. Following a change in management, the balance shifted back towards giving more autonomy to frontline operators, which contributed to service metrics improving and Home Depot again outperforming Lowe's.

So, what are the benefits of decentralisation? It is generally accompanied by greater agility, faster decision-making, better understanding of local markets and customers, and stronger accountability. It also encourages entrepreneurship.

"Managers are empowered to act as true business owners."

Given their breadth and diversity, some decentralisation is inevitable at Amphenol, Halma, and Diploma. However, we have encountered few companies as committed to the autonomy of local leaders as these businesses.

Managers are empowered to act as true business owners. They have full responsibility for their P&L and have the authority to make decisions without asking for permission up the chain. This gives local leaders greater flexibility to respond to changes in their markets. By placing decision-making authority with those closest to customers, these businesses can be more agile, which we believe enables them to better serve customers and run their operations more efficiently.

A good example of this is Amphenol. It spends considerably less on R&D than its closest, more centralised peer, yet it has grown almost twice as fast over the past 20 years. This is because new innovations are not dreamed up by people in a lab at headquarters, but by those closest to the customer. As a result, the company only builds what customers want.

Agility has also helped all three businesses gain share. During the supply chain disruption that followed COVID-19, Halma's operating companies were able to source alternative supplies and, with the help of customers, redesign components using available parts. They responded quickly, preserved continuity of supply, better served customers, and ultimately gained market share. They were able to do this because managers act as entrepreneurs and did not need to seek approval before making decisions that help serve customers.

Despite the benefits, decentralisation also involves trade-offs. One of the most prominent is forgoing potential scale benefits associated with centralising procurement and/or manufacturing. In the case of Amphenol, Halma, and Diploma, management are confident that agility, accountability and customer responsiveness are more valuable than efficiencies that might come from centralising procurement.

Maintaining the autonomy of local managers might sound easy but in practice it requires senior leaders to go against the human desire to be 'doing things'. This bias shows up all the time in both business and government. In most organisations new processes are constantly being added, which can lead to layers of management bloat and bureaucracy.

Even small changes, such as centralising procurement, might seem like a reasonable way to save costs, but can erode the autonomy of local managers. Over the long term, this can impair their ability to serve customers, reduce accountability, and ultimately hurt growth.

Senior managers at Halma, Amphenol, and Diploma have actively fought the urge to centralise decision-making to preserve the autonomy of managers. This has not happened by accident; it requires active effort but has helped these businesses foster an entrepreneurial culture, better serve customers, and ultimately grow earnings.

With autonomy comes accountability

If managers can do what they want, how do these companies ensure they are acting in the best interests of the business? This is where incentives and culture come into play. As Charlie Munger said, "Show me the incentives and I'll show you the outcome."

All three businesses incentivise managers on very clear and simple metrics: revenue and EBIT growth. At Halma and Diploma, managers are expected to deliver 5% organic revenue growth, while Amphenol targets 7%. Importantly, these targets do not change when market conditions are weak or strong.

"Incentives foster a no-excuses culture of extreme ownership, which works best when managers have genuine autonomy."

The mindset is that they all operate in broad, fragmented markets that offer ample growth opportunities. There will naturally be years when managers achieve their targets and are compensated appropriately, and years when they do not. However, expectations and incentives do not change simply because market conditions have become more or less favourable.

This creates a mindset that, even when the market is down, managers should keep their foot on the accelerator and look for ways to gain market share or identify new avenues for growth.

A good example of this is a business within Amphenol that sells sensors used in oil and gas facilities. When the oil and gas market was experiencing a downturn, management looked for new opportunities and discovered that their sensors could also be used in shipping. They subsequently expanded into a new market. This is unlikely to happen without the right incentives. It would be easier to say, "The market is down; we'll wait for it to recover."

These incentives foster a no-excuses culture of extreme ownership, which works best when managers have genuine autonomy. That way, they cannot argue that their results have been negatively affected by decisions made by headquarters.

It taps into the human desire to be responsible for what you're accountable for, and helps attract entrepreneurial individuals, which is another benefit of decentralisation.

Perhaps unsurprisingly, all three businesses have generated outcomes that closely resemble the incentives they have put in place.

There is a risk that extreme decentralisation combined with challenging growth incentives could cause managers to behave in ways that are detrimental to the long-term health of the business. This is where structure and culture help.

Despite their commitment to decentralisation, these businesses are not merely holding companies.

All three have formal reporting lines that help monitor underlying businesses and provide coaching. They also have processes that facilitate the informal sharing of best practices. For example, if a manager within Diploma wants to expand into a new geography, they can draw on the experience of others within the group who have operated in that region.

Importantly though, the decision to implement changes remains at the discretion of local business managers. If someone wants to go it alone, they are free to do so.

All three also foster a culture that focuses on the long term, which helps inform 'how' managers choose to grow.

Ultimately, decentralisation does not guarantee success, but the chances increase when supported by the right incentives, a strong sense of accountability, and a culture that guides decision-making over the long term.

Growth by adding rather than extracting value

We believe that having happy customers is an underappreciated barrier to entry and a source of durable growth that surprisingly few investors pay attention to. When thinking about mission-critical goods and services, most investors are attracted to the idea that pricing power can drive growth. That might be true in the short term, but over the long term, extractive pricing gives customers a reason to look for alternatives and opens the door to competitors. We want to own businesses that grow by providing more value.

A good example is Windy City Wire, a business owned by Diploma that provides wiring solutions for construction projects. What is unique about its offering is that the wiring comes pre-wrapped and pre-packaged, meaning it can be installed more quickly and with fewer workers. This results in labour cost savings of 20–30% for customers.

All three businesses incentivise managers to grow, but they also share a common mindset regarding 'how' they grow. They look to grow by solving more problems, helping customers save money, and ultimately providing more value. Other businesses in our portfolio, such as Cintas and Compass, also share these traits. The more value these businesses add, the more important they become to customers, which helps drive durable growth.

M&A provides attractive reinvestment opportunities

Another common attribute is that Amphenol, Halma, and Diploma all have strong track records of supplementing organic growth with acquisitions. We avoid businesses that make large transformational acquisitions but believe small, disciplined, bolt-on acquisitions can represent an attractive reinvestment opportunity.

All three have allocated most of their free cash flow towards M&A, which has contributed between 5–10% growth per year. Importantly, the return on invested capital (including goodwill) exceeds 15% for all three businesses, suggesting their acquisitions have been value-accretive.

The results are no accident. There are several similarities in how all three businesses approach capital allocation, which help explain their high success rate.

All three are extremely focused on only acquiring businesses that operate within their areas of expertise, much like successful investors who concentrate on areas where they have a core competency.

"Like Aoris, management say 'no' far more often than they say 'yes'."

This might sound simple, but history is littered with companies that have used M&A to expand into new markets and categories, only to write down those investments later. The fact they operate in fragmented markets helps, as it provides plenty of opportunities within their existing areas of focus without the need to venture into uncharted territory.

All three also look only to buy businesses that are leading providers within their niche and are run by entrepreneurially minded managers. They have no interest in turnarounds. Returns are expected to come from accelerating revenue growth, not from cost 'synergies'. Amphenol likes to say it never uses the word 'synergies' because it is often just shorthand for firing people or justifying a higher valuation.

Finally, valuation remains important and they won't pay any price.

Sticking to their strict criteria requires discipline. Halma reviews c. 600 deals each year, does serious due diligence on c. 60, and ultimately acquires six – meaning they only buy 1% of businesses they look at. Like Aoris, management say 'no' far more often than they say 'yes'.

M&A is not without risks, but we believe that discipline, combined with the decentralised structure described earlier, helps mitigate them. In most cases, the management teams of acquired companies are left to operate as they did before the acquisition, reducing the risk of disruption for both the acquired business and the broader group. It also allows management to continue buying businesses without distracting from other parts of the company.

Decentralisation also helps preserve the culture, which is often attractive for owner-operators looking to sell. In many cases, Amphenol, Halma, and Diploma are acquirers of choice for these businesses and often win out despite not being the highest bidder.

The reason these companies have generated attractive returns from M&A is that management are disciplined about both the quality of businesses they acquire and the prices they pay. They also have strong track records of improving these businesses, either by accelerating growth or expanding margins. Their fragmented markets provide opportunities to continue doing so for many years to come.

Many quality businesses generate high returns on capital, but if they cannot reinvest at attractive rates of return, they will struggle to compound earnings at a high rate over time. As such, the ability to deploy capital into acquisitions is an attractive characteristic and leaves them well positioned to continue growing earnings.

Conclusion

We only own 15 businesses but over the years, we have evaluated hundreds and observed that successful businesses often share common characteristics. In most cases, success comes from how these businesses operate, rather than what they do.

Some of these attributes reinforce one another. Decentralisation and autonomy work best when supported by the right incentives and accountability. The likelihood of successful M&A increases when decentralisation reduces integration risks. Similarly, growing through providing more value to customers is more likely when those closest to them are responsible for making R&D investment decisions.

The four attributes described in this article are just some of the characteristics we look for, but we believe they help provide the foundation for durable earnings growth and, ultimately, long-term shareholder returns.

Portfolio companies

Amphenol

Bentley

CINTAS READY FOR THE WORKDAY

COMPASS GROUP

DIPLOMA PLC

experian

GRAINGER

Halma

IHG HOTELS & RESORTS

jack henry

Microsoft

MOODY'S

RELX

SAP

VISA

Get in touch

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