SOMERSTON TECHNOLOGY FUND

INVESTMENT LETTER AS AT 30 SEPTEMBER 2026

Portfolio Objectives: To grow capital over the medium term by investing in a concentrated portfolio of high growth companies and to outperform our reference index over the economic cycle.

Strategy: We use a fundamental bottom-up approach to identify attractive investment opportunities. We have a 5-year investment horizon. We focus our investments in 20-30 high growth companies.

Performance: The Somerston Technology Fund (US1 Class) rose by +6.1% during the month and rose by +6.0% over the last three months. Our reference index fell by -1.6% during the month and rose by +9.0% over the last three months.

Rolling Performance

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
US1	6.1%	6.0%	31.1%	25.2%	139.6%	73.3%
GB1	6.1%	6.1%	30.5%	24.6%	137.3%	70.0%

** The GB1 class launched in February 2023, performance prior to this date is from the US1 class*

Geographical Allocation

Region	% Fund
North America	84.9%
Asia ex Japan	5.1%
Europe	2.9%
South America	2.0%
Cash and Equivalents	5.1%

Sector Allocation

Sector	% Fund
Information Technology	66.4%
Communication Services	15.0%
Consumer Discretionary	9.3%
Health Care	2.3%
Industrials	1.8%
Cash and Equivalents	5.1%

Top Ten Holdings

Name	% Fund
Nvidia Corp	8.3%
Meta Platforms Inc	7.5%
Amazon.Com Inc	7.3%
Alphabet Inc	7.1%
Advanced Micro Devices	6.8%
Microsoft Corp	5.9%
Broadcom Inc	4.6%
Arm Holdings	3.6%
Sk Hynix Inc.	3.6%
Snowflake Inc	3.3%
Total for Top Ten	**58.0%**

This factsheet shows the performance of Somerston's "Technology Equity Strategy" from 31 December 2014 to 30 November 2020 then the Somerston Technology Fund from its launch on 01 December 2020.

Performance US1 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	6.1	3.9	4.2	4.5	7.7	-1.5	5.8	3.2	-0.1	8.5	3.8	-0.8	**55.1**
2018	12.3	-1.4	-4.1	1.0	8.0	-0.1	0.0	8.9	-1.8	-12.3	1.3	-7.5	**1.7**
2019	12.0	2.9	5.6	6.3	-8.0	8.2	4.1	-3.8	-1.8	3.1	6.1	3.8	**43.6**
2020	6.2	-3.8	-6.6	18.2	9.6	10.0	9.1	8.5	-6.2	-0.7	9.6	5.5	**73.4**
2021	-0.2	1.6	-6.5	8.8	-3.6	11.6	1.0	5.7	-7.9	6.2	-1.5	-5.0	**8.5**
2022	-13.8	-5.5	2.2	-20.2	-6.1	-11.2	13.8	-6.9	-13.0	2.1	4.9	-10.0	**-50.8**
2023	16.7	0.3	11.9	-1.1	13.2	4.6	6.5	-3.3	-6.3	-2.0	16.1	4.8	**76.6**
2024	6.0	7.8	0.8	-5.0	6.8	8.5	-5.3	3.4	2.6	0.0	6.3	-1.8	**33.0**
2025	6.3	-5.4	-9.9	3.9	14.4	8.0	3.3	-2.8	3.3	8.3	-8.5	-3.7	**15.1**
2026	-0.2	-10.3	-3.9	22.0	18.7	-0.6	-4.6	4.8	6.1				**31.1**

Total return since 2017: 643.8%

Performance GB1 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	6.1	3.9	4.2	4.5	7.7	-1.5	5.8	3.2	-0.1	8.5	3.8	-0.8	**55.1**
2018	12.3	-1.4	-4.1	1.0	8.0	-0.1	0.0	8.9	-1.8	-12.3	1.3	-7.5	**1.7**
2019	12.0	2.9	5.6	6.3	-8.0	8.2	4.1	-3.8	-1.8	3.1	6.1	3.8	**43.6**
2020	6.2	-3.8	-6.6	18.2	9.6	10.0	9.1	8.5	-6.2	-0.7	9.6	5.5	**73.4**
2021	-0.2	1.6	-6.5	8.8	-3.6	11.6	1.0	5.7	-7.9	6.2	-1.5	-5.0	**8.5**
2022	-13.8	-5.5	2.2	-20.2	-6.1	-11.2	13.8	-6.9	-13.0	2.1	4.9	-10.0	**-50.8**
2023	16.7	0.4	11.4	-1.2	13.3	4.4	6.3	-3.4	-6.5	-2.0	15.8	4.8	**74.2**
2024	6.0	7.8	0.8	-5.1	6.7	8.5	-5.2	3.3	2.5	0.0	6.4	-1.9	**32.6**
2025	6.4	-5.3	-9.7	3.7	14.5	7.9	3.4	-2.9	3.2	8.3	-8.6	-3.6	**15.4**
2026	-0.3	-10.4	-4.0	21.5	18.9	-0.7	-4.6	4.8	6.1				**30.5**

Total return since 2017: 629.7%

** The GB1 class launched in February 2023, performance prior to this date is from the US1 class*

Commentary

The Somerston Technology Fund gained 6.0% during the third quarter, while the reference point returned 9.0%. Performance this year has been driven by companies supplying the critical infrastructure required to build AI data centres, including semiconductors, networking equipment and other enabling technologies. These businesses have benefited from addressing key bottlenecks in the supply chain as hyperscalers and other customers have raced to bring additional compute capacity online. By contrast, hyperscaler and software companies have generally lagged as investors focused on the scale of their capital expenditure and the timing of returns on those investments.

Q3 2026 saw a modest rotation within that trade. Many of the so-called "bottleneck stocks" came under pressure as the market became more discerning and expectations became increasingly difficult to exceed. In several cases, companies reported strong underlying results and continued to raise guidance, yet their share prices still fell as investors reassessed valuation, customer concentration and the durability of current growth rates. At the same time, some hyperscaler and software companies began to perform better as evidence of AI monetisation became more tangible. The result was a quarter in which fundamentals remained broadly strong across the AI ecosystem but share price performance became increasingly dependent on the gap between results and already elevated expectations.

Meta, the social media giant, was the top contributor to fund performance over the quarter with the shares gaining 28.8%. Much of the enthusiasm followed the release of Muse, Meta's consumer-facing personal AI agent which was launched in early September. Unlike chatbots that only answer questions, Muse acts on the user's behalf: booking travel, sending emails, making purchases, filling forms, managing calendars, negotiating bills, and progressing longer-term goals. The app hit #1 on the U.S. App Store and has shown very strong initial interest. Indeed, in its first 12 days there have been roughly 2.8 million downloads, surpassing ChatGPT's early pace. Meta stock was out of favour in the first half of the year as the company suffered from the perception that it does not have a clear AI strategy. The launch of Muse provided the first tangible consumer product, signalling that Meta's heavy AI spend (guided between $130–145bn+ in 2026 capex) is converting into a usable, potentially monetisable offering rather than pure infrastructure build-out. This supports our view that Meta is well positioned to benefit from AI due to the combination of a strong suite of consumer facing digital assets, such as WhatsApp, Instagram and Facebook, and a strong AI technology stack. The stock's valuation remains relatively undemanding, and it remains a top 5 exposure for the fund.

Microsoft shares gained 37.8% in the quarter, making it the second largest contributor to fund performance. Along with the other hyperscalers, Microsoft stock has lagged for much of 2026 due to fear of overspending on infrastructure equipment and worries of potential disruption to the company's software business. Despite these risks, Microsoft reported a strong financial quarter, particularly within Azure. Cloud growth remained robust as demand for AI-related workloads continued to expand, helping to demonstrate that the company's elevated capital expenditure is translating into revenue growth. Continued adoption of Copilot products across the Microsoft ecosystem also supported the investment case, reinforcing Microsoft's position as one of the clearest beneficiaries of enterprise AI adoption. The quarter also provided further evidence that Microsoft is beginning to monetise AI across its broader software estate. Paid users of Microsoft 365 Copilot increased to more than 30 million, up materially from the prior quarter, strengthening our view that AI can support both higher growth and deeper customer engagement across the existing Microsoft ecosystem. The market responded positively to these results, with investors becoming increasingly confident that Microsoft's heavy investment in AI infrastructure is beginning to generate tangible returns. This helped drive a meaningful re-rating in the shares during the quarter and narrowed some of the valuation discount that had emerged earlier in the year.

High-performance chip designer **Nvidia** continues to impress us with its consistent execution. The company produced another set of strong results which reflected the momentum of demand for AI infrastructure. Revenue growth remained exceptional, led by Data Centre, while demand continued to broaden beyond the largest hyperscalers towards sovereign customers, neoclouds and enterprises. Importantly, management indicated that current growth remains constrained more by physical supply than by end-demand, with customer forecasts continuing to imply demand materially above available capacity. The quarter also supported our view that Nvidia should increasingly be seen as an AI infrastructure platform rather than simply a GPU (graphic processor unit) supplier. Its offering now spans compute, networking, systems and software, allowing the company to capture a greater share of spending as AI infrastructure becomes more complex. The forthcoming Vera Rubin "next-generation" platform should extend this advantage further, increasing both system performance and Nvidia's content per deployment. The main area of weakness was gross margin, with higher memory costs expected to create a near-term headwind. However, management has now provided greater clarity around both the scale and duration of this pressure. Overall, the quarter increased our conviction in the investment case: AI compute demand remains extremely strong, Nvidia's competitive position remains robust, and the company continues to expand its role across the broader AI infrastructure stack.

Detractors

Chip designer **Arm** was the largest detractor during the quarter as solid results were overshadowed by the broader weakness in the so-called 'bottleneck' stocks. The shares declined 18.3% over the period. Revenue and earnings were ahead of expectations, with royalty growth supported by strong momentum in data centres, where royalties from Arm's Neoverse products more than doubled. However, management reduced its full-year royalty growth outlook due to weakness in the smartphone market broadening into premium Android devices, raising concerns that handset royalties could become a more persistent headwind. Despite this near-term headwind, the quarter strengthened our conviction in Arm's longer-term AI infrastructure opportunity. Demand for its new AGI CPU (Artificial General Intelligence Central Processing Unit) has increased materially, with the opportunity across FY27 and FY28 now exceeding $2bn, while Arm-based architectures continue to gain traction across Nvidia, AWS, Google and Microsoft. This gives the company a more direct route to monetising growth in AI and agentic workloads beyond its traditional licensing model. We remain constructive on the long-term thesis, though the stock was the largest detractor in the period, the stock is up 152.4% year-to-date. Notably, Arm remains the second largest contributor to the fund's performance year to date.

Astera Labs which develops the connectivity technology linking AI chips, memory and servers within data centres was a detractor during the quarter despite delivering exceptionally strong operating results and guidance. Shares fell 26.3% over the period. Revenue more than doubled year-on-year, while the outlook for the following quarter was materially ahead of expectations, driven by the rapid ramp of its Scorpio X Series switches. Importantly, strength was not confined to a single product: Aries also reached record revenue, while the company continues to expand across optical connectivity, custom silicon and its connectivity products PCIe and CXL. Astera is evolving from a connectivity component supplier into a broader AI fabric platform. Scorpio is scaling faster than expected, customer engagement is broadening, and the company is increasing its content opportunity per accelerator as AI systems become larger and more complex. Its COSMOS software platform also has the potential to deepen customer integration and increase switching costs over time. The main risks remain customer concentration, valuation and the durability of the current growth rate, rather than near-term demand. The business still has meaningful exposure to a lead hyperscaler, while future architectures could alter how switching content is distributed. Nevertheless, the quarter improved visibility into the 2026-27 earnings trajectory and supported the view that Astera is well positioned to benefit from ongoing AI spend. The stock remains up 98.3% year-to-date.

SK Hynix, the memory-chip manufacturing giant, was a detractor during the quarter despite reporting record results, as performance fell short of increasingly elevated market expectations and the shares declined 27.1%.

Revenue and profitability continued to accelerate, supported by strong demand for AI-related memory products and higher pricing, while the company's balance sheet improved materially. The quarter nevertheless supported the underlying investment case. Management's commentary was consistent with our view that the current memory cycle is being driven by structural AI demand rather than a more traditional short-lived inventory cycle. Demand for both memory and storage continues to rise as AI workloads become more complex and increasingly agentic, while supply remains constrained. The company has also signed a number of long-term supply agreements and continues to receive additional requests from customers, providing greater visibility than has historically been typical for the industry. The next generation of high-bandwidth memory, HBM4, has begun shipping and should ramp up further in the second half, while higher capital expenditure remains manageable relative to current profitability. We believe the recent share price weakness reflects concerns that the memory upcycle is close to peaking, but this is not supported by management or broader industry commentary. With the shares trading on a low earnings multiple, we continue to see an attractive risk-reward. The stock is up 182.6% year-to-date.

Overall, the quarter reinforced our view that the long-term AI investment cycle remains intact, but that share price performance is becoming increasingly dependent on valuation and execution rather than simply exposure to the theme. We continue to favour companies with strong competitive positions, visible earnings growth and a clear ability to monetise rising AI investment.

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