Starlight Global Growth Fund
Q2-2026 Commentary

James Thomson
Portfolio Manager

Fund	Q2 2026	YTD 2026	1 Year	3 Year	5 Year	10 Year
Starlight Global Growth Fund, Series F	7.5%	0.6%	1.3%	11.5%	5.2%	11.3%

Source: Starlight Capital, as of June 30, 2026.

Performance Summary

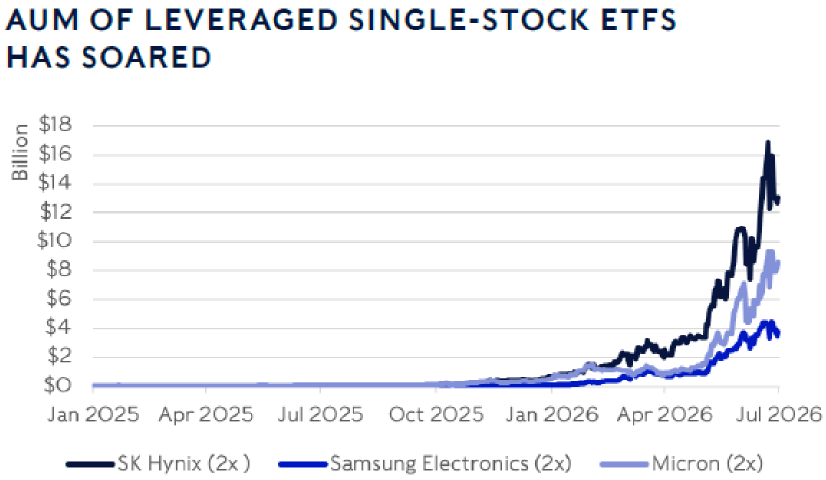
- Over the second quarter of 2026, the Starlight Global Growth Fund, Series F (the "Fund") returned 7.5%.
- Information Technology, Consumer Discretionary and Industrials were the top sector contributors to performance, which were partially offset by a decline in Health Care.
- We chose to avoid speculative, commodity-driven names like AMD, Micron and oil & gas producers, favoring durable earnings over "hot" but unpredictable growth. This discipline came at a short-term cost in Q2, but we believe it protects the Fund from the risks now building in crowded, momentum-driven corners of the market.
- We maintain disciplined AI exposure while refusing to chase the most speculative, richly-valued corners of the trade. That balance is exactly the risk we've been managing against, regardless of which way near-term sentiment swings.

A small group of ‘high-beta’ mega-cap stocks is driving the market — making diversification and balance key reasons for our underperformance. Our resilient and ‘quality growth’ style has been a source of funds for investors looking to reallocate towards near-term earnings inflection stories and AI enablers.

The price of staying disciplined

The extreme outperformance from stocks that we don’t hold, such as CPU developer AMD and DRAM memory chip maker Micron in the US created a severe headwind to our relative performance in Q2. We have been long-term holders of high-end chip designer Nvidia and gadget maker Apple, but for risk management purposes we refuse to allocate as large a weighting as the index. In fact, we’ve been taking profits from Nvidia over the past three years in order to increase balance and diversity.

Another supercharged part of the market in recent months has been the memory sector, primarily in South Korea, where this developed markets fund does not have exposure. South Korea is an infamously volatile retail market, and levered bets on its two largest companies have exploded this year (see chart). We question the durability of earnings in this space, and the extended exposure from investors — some analysts believe that 75% of active fund managers are now overweight the semiconductor sector. While we hold several companies in this space, we’re managing our semis exposure carefully. We prefer to focus on the most protected investment cases rather than the commodity-driven memory and DRAM players. Future capacity increases from South Korea and secretive China could stifle pricing and current memory shortages.



Source: Bloomberg; data 1 January 2025 to 30 June 2026.

Our distaste for price-taking commodity stocks, such as oil and gas and mining, was another headwind this quarter, as the Iran war triggered a sharp rise in oil prices. Normally a dislocation in markets would drive outperformance from the defensive part of our portfolio that holds consumer staples, healthcare and staple services. But in this unexpected market event, it triggered a commodity shock and these stocks responded negatively.

Q2 2026 Top Five Contributors		
Stock	Average Weighting	Contribution to return
ARM HOLDINGS PLC-ADR	2.2%	1.9%
CROWDSTRIKE HOLDINGS INC - A	1.7%	1.2%
AMPHENOL CORP-CL A	3.0%	1.1%
ALPHABET INC-CL C	3.0%	0.7%
CATERPILLAR INC	1.4%	0.6%

Q2 2026 Top Five Detractors		
Stock	Average Weighting	Contribution to return
ROLLINS INC	1.6%	-0.3%
INTUIT INC	0.6%	-0.3%
BOSTON SCIENTIFIC CORP	0.8%	-0.3%
INTERCONTINENTAL EXCHANGE INC	1.2%	-0.3%
DEUTSCHE TELEKOM AG-REG	1.4%	-0.2%

Source: Starlight Capital & Bloomberg Finance L.P. As of June 30, 2026

Sector	Portfolio Weight %	Top %Q/Q Changes
Industrials	22.8%	2.6%
Consumer Staples	8.0%	1.9%
Financials	8.5%	-1.4%
Communication Services	2.9%	-1.5%
Consumer Discretionary	12.3%	-2.1%

Source: Starlight Capital & Bloomberg Finance L.P. As of June 30, 2026. Excludes Cash and Cash Equivalents.

Positioned for AI – and what comes next

Our key AI holdings, including CPU chip designer **Arm Holdings**, cybersecurity firm **CrowdStrike**, cabling and sensors supplier **Amphenol** and internet and AI giant **Alphabet**, were top performers during the quarter. But AI is unlikely to be the only story in town in the second half.

We're anticipating market performance broadening beyond the AI and memory chips basket, potentially triggered by a fall in oil prices, and easing in the hawkish tilt by central banks — especially if inflation moves lower. Despite occasional flare-ups, as the Iran conflict keeps getting priced in then out of everyone's assumptions, we think a downward trend in the main macroeconomic forces could surprise investors and unbalance the unrelenting momentum in some of these stocks. Oil prices, inflation rates, expectations of future inflation, bond yields, and central banks' rate projections could all reverse their Q2 shift higher. Our zero exposure to oil and gas, due to its unpredictable growth qualities and price-taking characteristics, was a headwind during the war of H1, but it could become a tailwind in this scenario.

We are not AI naysayers — in fact, we have many AI beneficiaries from GPUs to CPUs, hyperscalers, networking, data centre real estate, grid modernisation, and power infrastructure construction and equipment. We believe these are more protected and resilient than the capacity-shortage stocks that may not provide durable growth. Our key stocks for playing AI more directly include Nvidia, Arm, Amphenol and our recent addition CrowdStrike. All are now top-10 holdings.

Several of these were added in the last year, as we want a broad spread of different parts of the AI value chain. In fact, we have bought more new stocks so far this year than at any similar point in the past. We have sold some of our consumer-facing software businesses, such as accounting software developer Intuit, information services companies and private equity where growth rates may be impacted by AI competitive alternatives.

The return of risk appetite should benefit some of the new stocks we've added to the portfolio. As perceived obsolescence risk runs high across many industries we have added to our "HALO" theme — 'hard assets, low obsolescence'. New stocks such as electrical infrastructure contractor **Quanta** and aerospace contractor Howmet added this quarter, and mining equipment supplier **Sandvik** and digger-maker **Caterpillar**, added earlier this year, join names that were already in the Fund, including diversified industrial and aerospace engineer **Parker Hannifin** and Amphenol. Resource independence and protectionism will be a key theme over the coming years as the most powerful nations increasingly hoard critical minerals for their technology and electrification infrastructure buildout. We remain wary of investing in pure commodity stocks as they are often at the mercy of a single commodity price and have high project risk. We have taken a less risky picks n' shovels approach.

We have used some of the hysterical AI disruption risk narrative to buy holdings where we believe they are more protected — or in fact benefit from AI adoption. An example is CrowdStrike, which sold off in the software meltdown, but which should see resilient or even accelerating cyber growth rates as AI cannot guard itself. But we have also added some non-AI related businesses in our defensive sleeve to provide less-tech-correlated growth — examples include energy drinks maker **Monster Beverage** and cosmetics business **L'Oreal**.

Forgoing returns in stocks with supernormal (but fleeting) profit growth may be painful in the short term, but it will protect us in the longer term. Our balanced and diversified approach to portfolio construction will drive outperformance as the market broadens beyond this single theme. Meanwhile, we are using the bifurcation as a rare opportunity to buy watchlist stocks.

Investment Management Team

RATHBONES Starlight Global Growth Fund is sub-advised by Rathbones Asset Management Limited.

James Thomson
Portfolio Manager

Sammy Dow
Portfolio Manager

Investment Management Team

Starlight Capital is an independent Canadian asset management firm with over $1 billion in assets under management. We manage Global and North American diversified private and public equity investments across traditional and alternative asset classes, including real estate, infrastructure and private equity. Our goal is to deliver superior risk-adjusted, total returns to investors through a disciplined investment approach: Focused Business Investing. Starlight Capital is a wholly-owned subsidiary of Starlight Investments. Starlight Investments is a leading global real estate investment and asset management firm with over 375 employees and $30B in AUM. A privately held owner, developer and asset manager of over 70,000 multi-residential suites and over 7 million square feet of commercial property space. Learn more at www.starlightcapital.com and connect with us on LinkedIn at www.linkedin.com/company/starlightcapital/

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