James Thomson
Portfolio Manager

Fund	YTD 2025	Q4 2025	1 Year	3 Year	5 Year	10 Year
Starlight Global Growth Fund, Series F	5.8%	-2.3%	5.8%	16.4%	6.5%	10.2%

Source: Starlight Capital, as of December 31, 2025.

Performance Summary

- Over the fourth quarter of 2025, Starlight Global Growth Fund, Series F (the Fund) returned -2.3%. Year to date, the Fund is up 5.8%.
- Heath Care, Financials and Communication Services were the top sector contributors to Fund performance in the quarter, which was offset by a decline in Information Technology, Industrials and Materials.
- In a world where growth is hard to find, investors are herding around those few companies in tech that are delivering it. But 2026 looks set to broaden out as US Federal Reserve (Fed) interest rate easing filters through to the mainstream economy, expected future rate cuts buoy animal spirits, the housing market improves, oil prices remain at historic lows and fiscal stimulus is set to be announced.

The market embraced 'value' stocks (those that appear undervalued) and companies that enjoyed a surprise earnings recovery in 2025 — banks, commodities and utilities enjoyed a bumper year following a lost decade. As ever, we avoided these sectors due to their unpredictable profit growth, reliance on external drivers, such as interest rates, and heavy regulation. Our developed markets focus, particularly in the US, was a relative headwind as some racier emerging markets posted exceptional gains. South Korea's market, for example, went up by more than 80% (in sterling) over the year. Even within the US, the positive contributors were very narrowly concentrated within the AI theme. A telling statistic is that the S&P 500 was up almost 18% in dollar terms in 2025, but the median stock gained only 5.9%. The gargantuan tech stocks skewed the numbers greatly.

After three years of concentrated markets, the case for a broadening out of returns beyond the Magnificent Seven is starting to come into view. The Mag-7 stocks reached an all-time high of 36% of the S&P 500 as investors chased the AI theme ever higher. We've owned some key AI stocks for between seven and 10 years, notably chip designer **Nvidia**, connectors and sensors seller **Amphenol**, AI and search giant **Alphabet** and digital business tools company **Microsoft**. We continue to take profits and use their strength to diversify, as we see danger lurking in the index from this hyper-concentration. We're not claiming that the so-called AI 'bubble' is about to burst, but as an active fund we want to maintain balance and diversity. We believe that will help us navigate setbacks and storms, while still participating in a macroeconomic environment that looks healthy and where US growth in particular is accelerating.

In a world where growth is hard to find, investors are herding around those few companies in tech that are delivering it. But 2026 looks set to broaden out as US Federal Reserve (Fed) interest rate easing filters through to the mainstream economy, expected future rate cuts buoy animal spirits, the housing market improves, oil prices remain at historic lows and fiscal stimulus is set to be announced. We think a bear market remains unlikely. Historically, it's job losses and rate increases that trigger bear runs. Neither is in sight. But an exogenous shock would be painful and likely drive a short-term correction due to extended investor positioning in some of the heavyweight tech and AI winners.

Q4 2025 Top Five Contributors		
Stock	Contribution to return	Average Weighting
ALPHABET INC-CL C	3.2%	0.7%
INTUITIVE SURGICAL INC	2.0%	0.4%
AMPHENOL CORP-CL A	3.6%	0.3%
PARKER HANNIFIN CORP	1.5%	0.2%
NEXT PLC	2.1%	0.2%

Q4 2025 Top Five Detractors		
Stock	Contribution to return	Average Weighting
ARM HOLDINGS PLC-ADR	0.9%	-0.5%
RIGHTMOVE PLC	1.2%	-0.4%
SERVICENOW INC	1.6%	-0.3%
THALES SA	1.9%	-0.3%
ROYAL CARIBBEAN CRUISES LTD	1.6%	-0.3%

Source: Starlight Capital & Bloomberg Finance L.P. As of December 31, 2025.

Sector	Portfolio Weight %	Top %Q/Q Changes
Financials	11.6%	1.7
Communication Services	6.6%	0.6
Information Technology	19.5%	-0.7
Consumer Staples	6.1%	-0.9
Consumer Discretionary	15.8%	-1.1

Source: Starlight Capital & Bloomberg Finance L.P. As of December 31, 2025. Excludes Cash and Cash Equivalents.

Portfolio Activity

KKR (buy): Listed private equity has suffered a rare setback as investors fret that recent private market failures are symptomatic of wider systemic failings. KKR had zero exposure to the two privately funded companies whose collapses hit the headlines: it views them as very company-specific failures rather than evidence of systemic risks. Remember, there are different vintages in listed private equity strategies and a downturn in the value of a specific vintage doesn't pollute all vintages, with withdrawal risk limited to less than 5% of assets. Public markets don't offer diversification anymore and the number of IPOs has been plummeting. We're at the start of a massive capital deployment opportunity for the AI industrial revolution and tech investment cycle. Most institutional investors have about 10% exposure to private markets and we believe demand for private equity could benefit significantly as retail and retirement investors gain the opportunity to access the asset class.

ARM (buy): ARM is the intellectual property vendor for the chip industry and we view it as a useful way to diversify our AI exposure. Every cellphone and iPad works on ARM technology; the firm earns a royalty for every chip shipped. Historically, it's been a capital-light business, but that's changing as it wants to start producing its own silicon which would drive up the average selling price of each mobile phone chip from $1 to $30 and the price of each datacentre chip from $15 to $1,000. The hyperscalers want to make their own chips for custom workloads that don't change. ARM is already believed to be working with Meta to produce a custom chip for them.

McDonald's (sell): Despite attempts to reclaim the value proposition for stretched lower-income customers with price cuts and store refurbs, recent product/operational innovations aren't working. When subsidies from the listed business end, franchisees may increase prices, thwarting this strategy. The resilience of the investment case in a soft/recovering economy has been dented, leaving an outright recession as the only environment in which it seems likely to gain market share.

Mondelez (sell): Recent spikes in the price of cocoa have derailed the investment case and eclipsed the staple-like characteristics of this 'weatherproof' holding. Despite confidence that demand will hold up despite the challenges presented by weight-loss medication and lower-income consumers' squeezed disposable incomes, investors are finding it difficult to dispel concerns about the impact on margins and prices charged to consumers as a result of volatile product costs (particularly the price of cocoa).

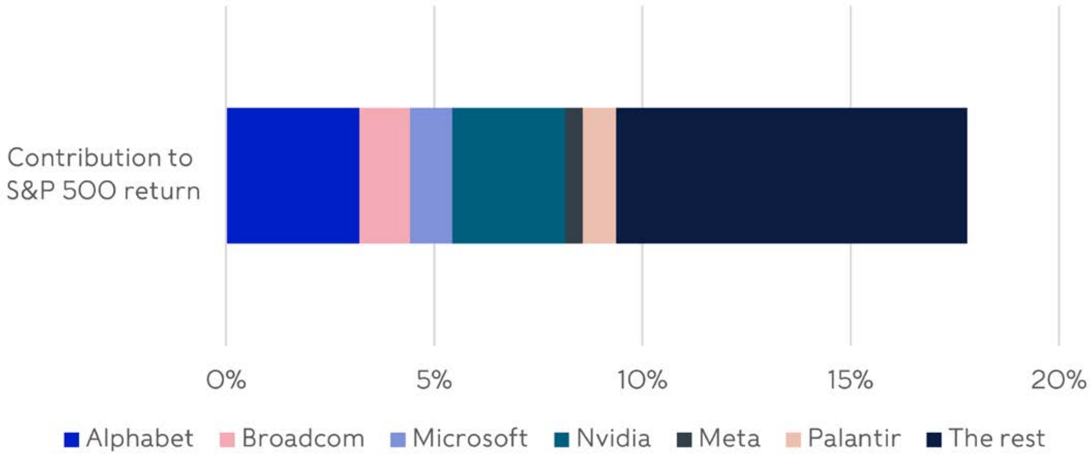
Nvidia (trim): Trimmed position into strength during the share price spike in late October to manage our position size and maintain balance and diversity across the AI theme.

Amphenol (trim): Trimmed position following the huge run in the stock price of this datacentre components provider.

This year ran red hot and ice cold — the year of Trump, tariffs, AI and crypto mania… nothing else really mattered. Just six stocks contributed more than half of the returns of the S&P 500. If you look at whole-market indices like the S&P 1500, half of the stocks in it delivered a negative return. Europe finally had some good performance at the index level, although without banks and defence stocks the European market would have been negative. Active fund managers hate concentrated markets in the highest-weighted stocks because we rarely want to track large single-stock positions, preferring a broader balanced approach to mitigate potential stock-specific risks. But in 2025 you were either hot or you really were not.

We struggled to keep pace this year despite some outstanding performance from holdings like Nvidia, Alphabet, Amphenol, UK retailer **Next** and Canadian e-commerce platform **Shopify**. All these stocks were up between 39%-96% in dollars in 2025 (between 29% and 3% in sterling). While we prudently took profits in some of these holdings during the year, the market wanted to chase them even higher as momentum and fear of missing out (FOMO) were in full swing.

6 Stocks Post Half of S&P 500 Return



Source: FactSet; data uses average weights of stocks over the year multiplied by stock USD total return for 2025.

When you invest your capital is at risk and you could lose some or all of your investment. Past performance should not be seen as an indicator of future performance.

In truth, it's hard to know what the real winners of 2026 will be. The key is to build a diversified portfolio of excellent stocks in different areas with different demand drivers from around the world — our best ideas. That gives us lots of shots on goal. I just don't know which will score.

If you set yourself up for stormy markets, you can weather them. I think the long-term future looks bright and that it's risky to try to time the market as the best returns often come when you least expect them.

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

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