TM Navera Global Equity Strategy - USD

Quarterly Update - Q3 2026

30 September 2026

navera
INVESTMENT MANAGEMENT

TM Navera Global Equity Strategy - USD

Performance

	Q3 2026	YTD	2025	2024	2023	Since 30 Nov 2022[1]
TM Navera Global Equity Strategy USD (Acc)[2]	**2.7%**	**-2.8%**	**-2.5%**	**10.7%**	**24.6%**	**23.2%**
OECD G7 CPI +5% [3]	1.9%	5.8%	7.6%	7.7%	9.5%	33.6%
MSCI World Equity Index ($)[4]	1.6%	13.0%	22.3%	17.5%	22.2%	90.7%
IA Global Fund Universe ($)	1.1%	8.7%	18.4%	10.7%	19.2%	67.9%

Investment Mandate

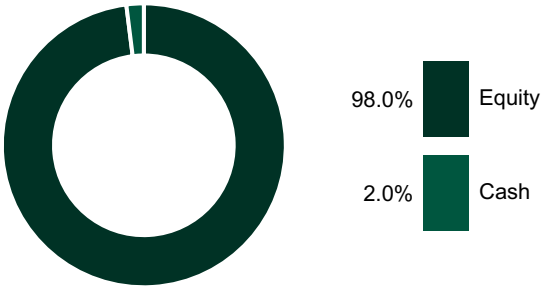
Objective To protect our clients' assets and grow them significantly above inflation over the long-term

Risk Profile Medium/high risk with a strategic asset allocation range of up to 100% in equities

Equity sectors[5]

	% Weight	Names
Industrials	24.8%	AMETEK, Automatic Data Processing, Bunzl, Experian, HEICO, Hubbell Incorporated, RELX, Rollins, Schneider Electric, Verisk Analytics, Xylem
Information Technology	21.3%	Amphenol, Cadence Design Systems, Fabrinet, Keyence Corp, Microsoft, Taiwan Semiconductor Manufacturing Co
Health Care	16.7%	AbbVie, Boston Scientific, Intuitive Surgical, Labcorp Holdings, Roche, Thermo Fisher Scientific
Financials	12.8%	Hong Kong Exchanges & Clearing, London Stock Exchange Group, Marsh & McLennan, Mastercard
Consumer Discretionary	12.3%	Amazon, Compass Group, Next, Tractor Supply
Communication Services	3.8%	Alphabet
Materials	3.7%	Avery Dennison, Franco-Nevada
Consumer Staples	2.6%	Kerry

Asset Allocation (% of Portfolio)



Morningstar ESG Risk Rating™

High
5 out of 5 globes

Out of 8,711 Global Equity Large Cap funds as at 30 September 2026. Based on 100% of eligible corporate AUM and long positions only. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Historical ESG Risk Score.

[1] Performance since inception. [2] TM Navera Global Equity Strategy returns are net of all fees and costs. [3] OECD G7 CPI are the most recent figures at the time of publication and obtained from external sources. OECD G7 CPI +5% figures are calculated internally using methodology that may differ from external counterparties. [4] All Indices are gross of fees. Figures are in USD, total returns with net dividends reinvested. [5] Global Industry Classification Standard (GICS®), as determined by MSCI Inc. and S&P Global Market Intelligence, is used for sector classification of the securities and is shown only for comparability purposes. Source: Northern Trust, Bloomberg, Factset. All figures are unaudited and subject to change. Totals may not add precisely due to rounding.

Quarterly Update

Investment commentary

The fund rose by 2.7%. Several major themes that we are positioned for played out further during the quarter, enabling the fund to deliver solid performance despite difficult market conditions.

Our clients are looking to us to grow their wealth ahead of inflation. The fund has multiple engines for delivering inflation-beating growth in very different – and potentially challenging – environments. We are positioned for uncertainty, seeing huge embedded potential for growth in the fund, whilst also being prepared for the 'what ifs' through careful portfolio construction and our valuation discipline.

We were pleased to see the fund holding up well during market 'down days', as well as participating in up days. Meanwhile, under the hood, our companies continue to deliver operationally, with expected earnings growth of around 20% in 2026 (following 15% in 2025), and further double-digit growth expected in 2027.

Today's equity market is 'k-shaped': a small group of stocks is being bid higher while many high-quality companies are increasingly on sale. This is typical investor behaviour in periods of market euphoria: we have been here before and at such times it pays to tread carefully. We see opportunity, and with some excellent companies trading at 20% or more off their share price peaks, we have been buying selectively (see **Transactions**).

A theme we've discussed previously – the rising cost of capital – passed an important milestone this quarter with US and UK bond yields rising to levels not seen since the early 2000s. This will put further pressure on many companies' ability to grow; Oracle's debt is now rated at one notch above junk bonds! We also saw more questions around the profitability of AI and a collective warning from AI's key creators about its potential risks. Together, these may prove to be a watershed between speculation and reality in which markets will increasingly value strong balance sheets, cash flow and good visibility of earnings underpinned by sound business fundamentals.

Given the climate of uncertainty, you might wonder why you're in the stock market at all. Our portfolio of equities is not the stock market. Rather, it is 35 carefully chosen businesses that work together as a portfolio to deliver durable, inflation-beating returns for you over the years ahead. We are doing something very different to the market: bringing together multiple sources of growth in a portfolio which, with a free cash flow yield almost 24% higher than the global equity market's, has rarely been cheaper during the past 10 years.

Performance

Leaders

+ Thermo Fisher Scientific (Thermo) is the world's Amazon of lab supplies. As such, it is positively exposed to growing R&D budgets in healthcare, materials science and technology. Almost 85% of Thermo's revenues come from recurring services and consumables. The application of AI to drug development is driving demand for hi-tech research tools to provide data for AI models. Thermo has been a first mover in AI integration and is collaborating with Nvidia to launch new equipment this year for autonomous labs.

+ Microsoft powered ahead this quarter after a strong earnings report in which revenue, growth and earnings per share all exceeded expectations. Investors particularly welcomed accelerating growth in its cloud business and progress in embedding AI in its core applications – such as Microsoft 365 Copilot topping 30 million paid seats. Amid current debates over AI and data security, Microsoft is positioning itself to be a preferred, trusted provider of AI tools. We have trimmed our holding several times in the past 18 months and used the recent strong run to take further profits.

+ We sold **Sonova** following a 35% rise in its share price. The company is looking to expand into new geographies to boost growth, but this brings with it execution risk and a less certain outlook. We have reallocated capital to other investments where we see stronger growth potential and greater visibility of earnings.

Laggards

– Xylem is a high-quality water technology company that has been largely ignored in today's narrow markets, enabling us to bring it into the fund at a highly attractive valuation earlier in the year. The company offers a vastly cheaper alternative to replacing urban water pipes, and its digital services and outsourced water management generate high margins and recurring revenues. We previously held Xylem and sold on valuation grounds in 2021, since when its valuation has halved and the quality of the business has improved. We have continued to build our position.

– Cadence Design Systems (Cadence) has a strong moat as one of two leading companies providing software to design and test the vast majority of the world's semiconductors. It is extremely well placed to benefit from long-term demand for increasingly varied, complex and bespoke chips. Cadence's products also help customers reduce energy intensity: its Reality Digital Twin platform, for example, can raise datacentre energy efficiency by up to 30%.

– Fabrinet is a leading manufacturer of fibre optics used for high-speed communication. This technology is as important as compute and memory in datacentres, where AI is doubling required interconnection speeds every two years. Datacentres can contain millions of fibre-optic connections, and links between datacentres can span hundreds of kilometres. Fabrinet works with its customers to develop cutting-edge products that can reduce fixed costs and provide a degree of future proofing in this rapidly changing sector. Swings in market focus in the tech sector presented us with an opportunity to top up this quarter.

Transactions

During the quarter we took profits from several technology and healthcare holdings (**Amphenol**, **Keyence Corp**, **Microsoft**, **Amazon**, **TSMC** and **Labcorp**) and used the proceeds to further broaden the fund's growth drivers powered by demographics, essential infrastructure, automation, digitisation and a changing world order. New additions were **Rollins** (pest control) and **AbbVie** (pharmaceuticals; funded by partial sale of **Roche**). We also added to **Verisk Analytics** (insurance data), **Fabrinet** (fibreoptics) and **Intuitive Surgical** (robot-assisted surgery).

Purchases

The pest control market is growing due to regulation, urbanisation and climate change. **Rollins** is one of two large US pest control companies in an otherwise fragmented market, giving it brand recognition, geographic coverage and an ability to invest that smaller players can't match. Pest control spending is largely non-discretionary; this gives Rollins pricing power and has enabled it to deliver more than 20 successive years of sales growth. Short-term weakness in its residential business caused the shares to dip, giving us an entry point into this high-quality compounding business.

We took an initial position in **AbbVie**, a global pharmaceutical company with world-class franchises in immunology, neuroscience and oncology. Ageing populations, the rising prevalence of chronic diseases and increasing use of innovative biologic medicines are powerful growth tailwinds for AbbVie's diverse portfolio of drugs, which are used by 60 million people in 175 countries each year. AbbVie's limited near-term patent expiry risk gives investors significant visibility for the next five years. This addition to the fund diversifies our pharmaceuticals holdings and adds exposure to neuroscience.

Quarterly Update

Sales

Having halved our **Accenture** position earlier this year, we sold the remainder after a 35% bounce in the shares. In an AI-enabled world, the range of possible outcomes for Accenture has broadened and the outlook for the business is less clear.

DSM-Firmenich's food, nutrition and personal care businesses continue to deliver operationally but its core end markets face multiple headwinds from demographic changes, inflation and lower consumer confidence that could prevent the company from delivering consistent, above-inflation returns over the foreseeable future. We exited our position after a 50% rise in the shares since early March.

Stewardship

The recent Hugging Face hack by rogue AI agents highlights that strong cybersecurity is now a necessity, not an option. We met with Verisk Analytics – a business built on proprietary data – to learn how they test and challenge their own cyber defences. In addition to using automated testing and commissioning penetration tests against specific products, Verisk also runs internal red team/blue team 'war games' to help improve its detection and response capability.

Taking things a step further, the company commissions external attacks that are close to the real thing – Verisk's internal teams don't know when the attack will come or its objective. Verisk also takes part in an industry-wide 'bug bounty' programme that rewards security researchers for finding vulnerabilities before malicious attackers do.

Any significant findings from tests are reported to Verisk's management and board. Testing defences is one thing; it's just as important that company management know the results and can act on them.

Top 10 Equity Holdings

Holding	% Weight
Mastercard	5.0
Thermo Fisher Scientific	4.8
Marsh & McLennan	4.6
Taiwan Semiconductor Manufacturing Co	4.6
Amphenol	4.3
Amazon	4.0
Keyence Corp	4.0
Microsoft	3.8
Alphabet	3.8
Labcorp Holdings	3.7
Top 10 Equity Total	**42.6**

Important Information

Fund manager	Navera Investment Management Limited
Ongoing charges	0.75%
Inception date	30 November 2022
Fund base currency	GBP
Fund size	GBP 105.4m
Pricing	Daily
Fund type	UK UCITS
Structure	ICVC
Domicile	UK
Custodian bank	Northern Trust
Dividend paid	January / May
Previous dividend rate (Jan 2026 / May 2026)	USD 0.0073 / USD 0.0054
USD Share Classes (Dis / Acc)	ISIN GB00BNV0FJ33 / GB00BNV0FH19

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Disclosure

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The TM Navera Global Equity Strategy fund does not have a sustainability investment objective.

Sources

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