July 2025

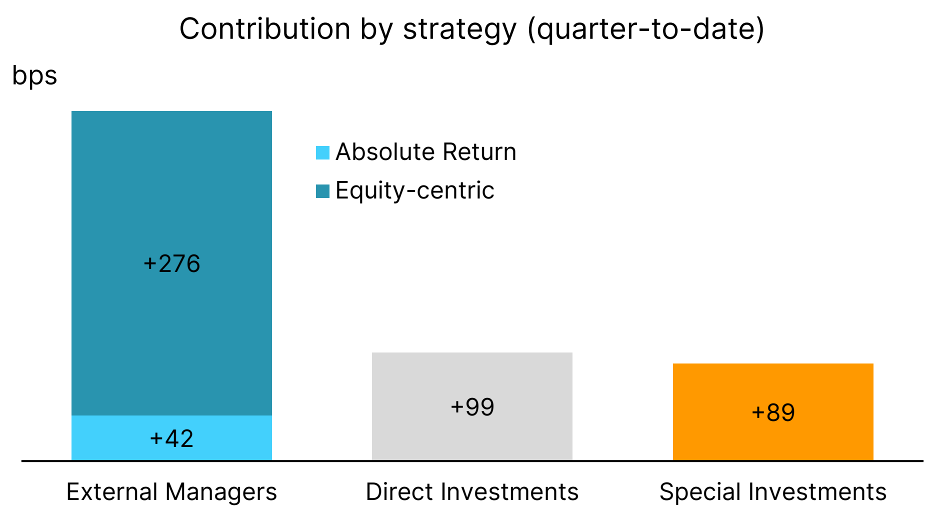
MARYLEBONE PARTNERS PORTFOLIO MANAGER COMMENTARY

Over the third quarter, the Net Asset Value (NAV) recovered swiftly from the tariff-related drawdown in late March and early April, delivering a return of +5.2%. [i]

Our resolve amidst the volatility surrounding 'Liberation Day' stemmed from familiarity with the portfolio's underlying holdings, which we believe contain a margin of safety. Long before this episode, we have been finding the most compelling risk-adjusted opportunities in overlooked areas, where fundamentals have potential to surprise on the upside and investor expectations are muted. The added benefit of a high-conviction portfolio built around non-consensual investments is its *complementarity*; the composition of Majedie's portfolio bears little resemblance to either the major indices or other investment trusts.

While markets may continue to rally if US interest rates begin to ease, any combination of geopolitics, trade friction, policy shifts, and changing rate expectations could re-test investors' fortitude over the coming months. We believe Majedie is positioned to withstand further turbulence should it occur, and deliver high-quality absolute returns.

ATTRIBUTION



Source: Marylebone Partners LLP. Gross contribution as of 30th June 2025. Shows return on investment portfolio net of all underlying fees / expenses but gross of the Investment Manager's fees, expenses, and debenture cost.

[i] As of 30th June 2025. Debt included at fair value. Past performance is no guarantee of future performance. Returns are not guaranteed.

External Managers

External managers with exposure to international equities continued to perform well, while two of the US-based managers (one focused on Software, the other on special situations) rebounded as sentiment stabilised and stock-specific developments supported their positioning.

Absolute return managers, who primarily pursue specialist credit strategies, made steady progress despite some challenging moves in broader credit and government-bond markets.

Direct Investments

Direct investments also contributed, aided by our earlier decision to concentrate on the highest-conviction and most differentiated ideas.

The portfolio's exposure to copper (which we classify within this category) rallied strongly on further evidence of compelling supply-demand dynamics.

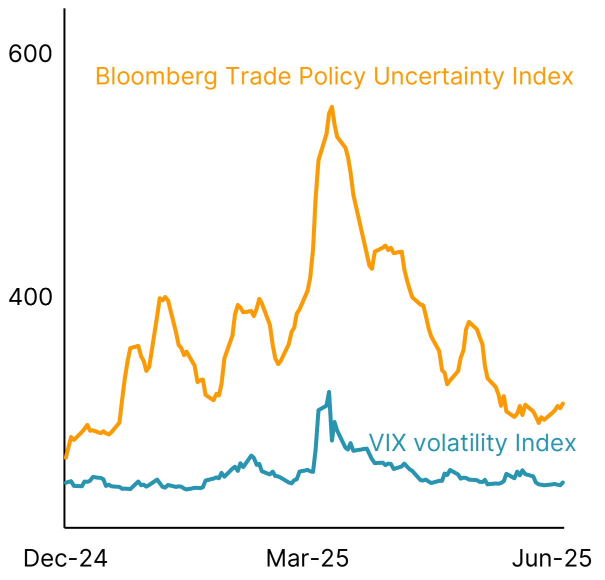
Special Investments

Whilst mixed, Special Investments made a positive contribution in aggregate over the quarter.

SO, WHAT DID I MISS?

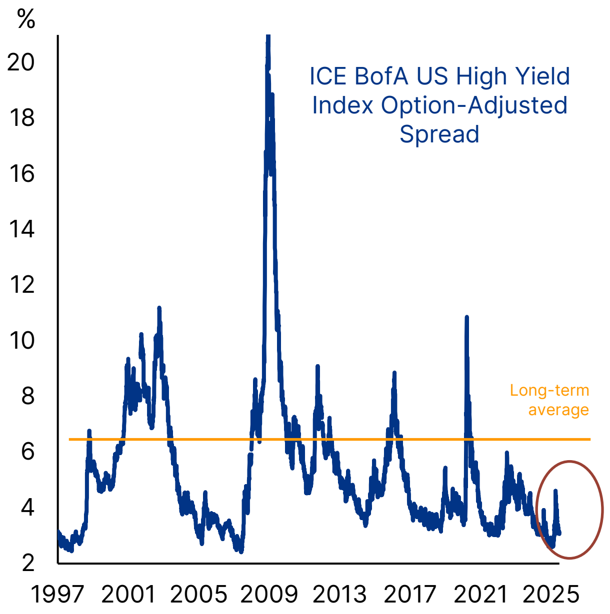
Sometimes, the best course of action for an active manager is to take no action. Following the Trump administration's pause on tariffs - a restraint imposed by the bond market's rejection of its policies - the S&P 500 recovered from a -19% peak-to-trough decline, and volatility has subsided. The so-called Magnificent Seven regained their footing on the back of solid earnings and hopes of rate cuts, while credit spreads tightened back towards historical lows and the US dollar stabilised.

Tariffs drove equity volatility



Source: Bloomberg

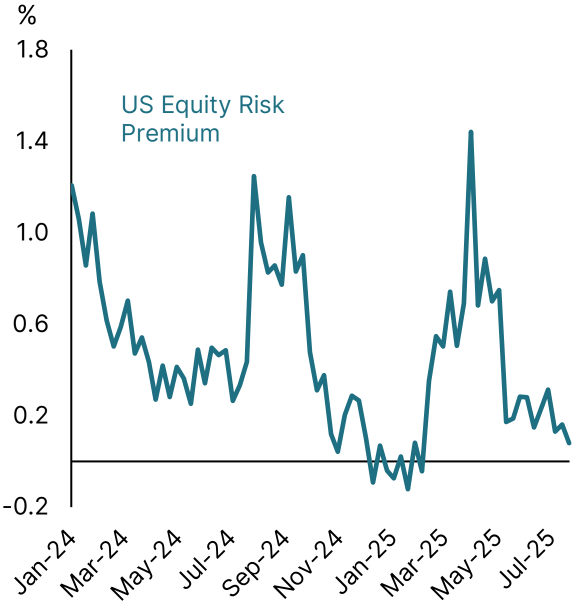
Credit spreads are back to tight levels



Source: Topdown Charts, LSEG Datastream

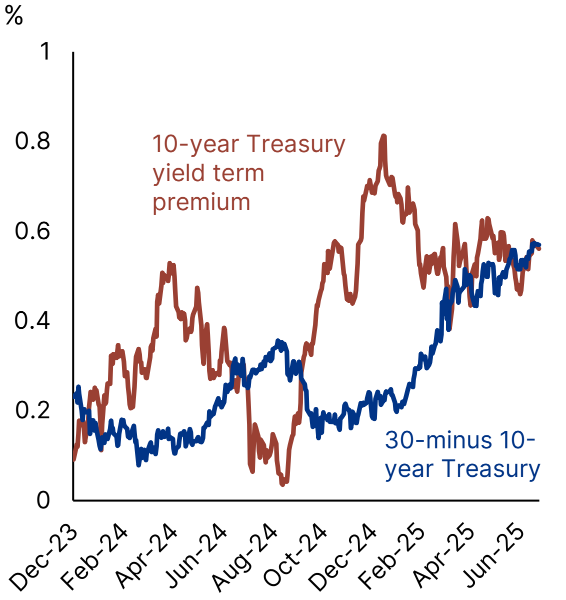
There are, however, lessons to be learned from the episode, while one major disagreement remains unresolved. Following the rally, the US equity risk premium has compressed, making equities once again expensive when compared to government bonds. Equity investors assume that a 'Trump put' will provide a floor beneath the market and that earnings will soon accelerate.[ii] Yet bond markets are not convinced, as evidenced by a higher 'term premium'.[iii] This points to an erosion of confidence in monetary policy, waning demand from central banks, and scepticism that the administration's policies will address structural deficits.

Equities assume a benign outlook...



Source: Alpine Macro

...but bond markets are unconvinced

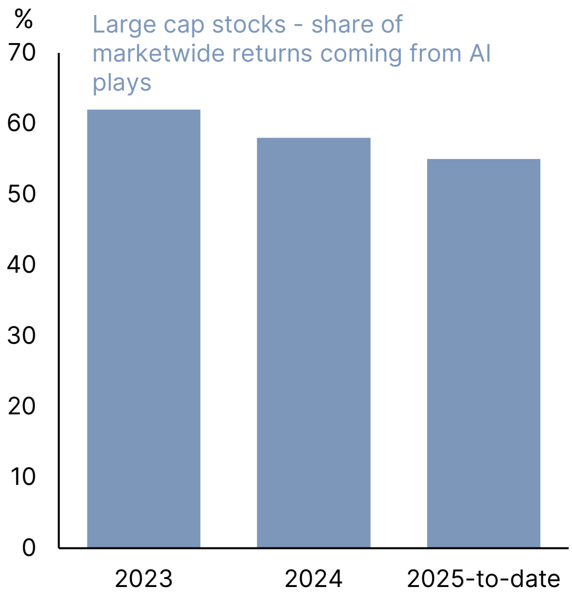


Source: Alpine Macro

Part of the dissonance implied by the valuation differential between stocks and bonds derives from the composition of the US equity market, now heavily skewed towards expensive mega-cap growth companies - many of them seen as primary beneficiaries of the Artificial Intelligence (AI) theme. Consequently, an investment in the market carries an implicit view that either (a) AI stocks will deliver on the hype or (b) earnings growth will broaden out beyond the 'big growers'.

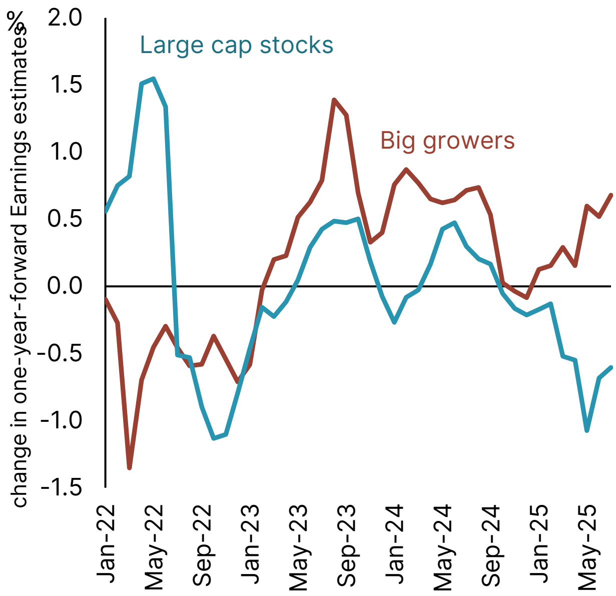
[ii] In April, only 37% of respondents to the BAML Fund Manager Survey expected a soft landing for the US economy; that figure now exceeds 60%.
[iii] The term premium represents the higher yield that investors demand to compensate them for the risk of owning a long-dated bond, versus a series of shorter-dated issues over the same period.

AI is front and centre



Source: Empirical Research Partners Analysis.
AI Plays are 48 large-cap stocks drawn from the top quintile of time spent substantively discussing AI on earnings calls.

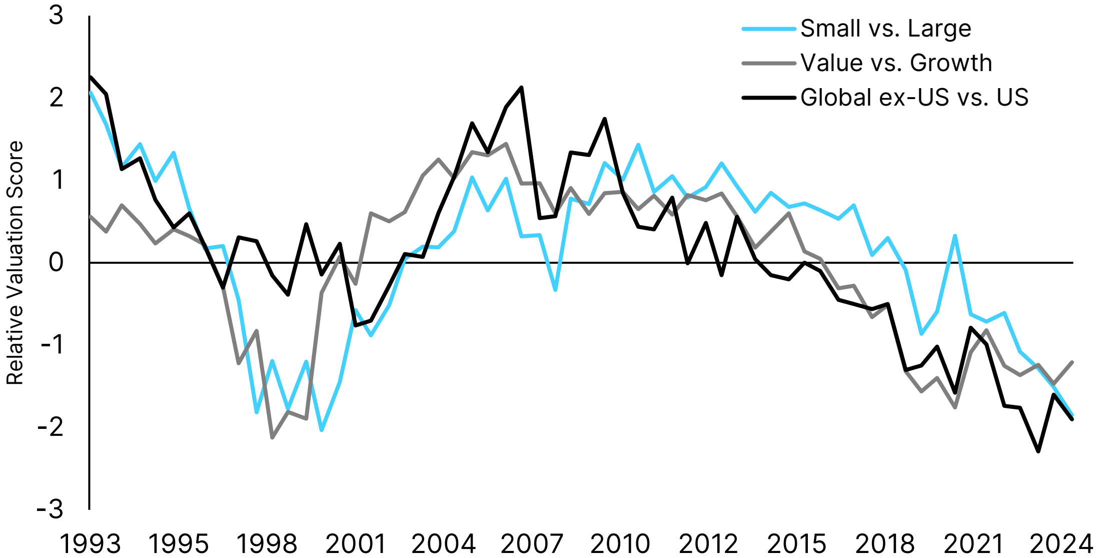
Will earnings growth broaden out?



Source: Empirical Research Partners Analysis

Equity investors' implicit expectations are less demanding, if one looks beyond the largest index components. Foreign equities, midcaps, and value stocks continue to trade at a discount to their US, large-cap, and growth-stock counterparts. That is why we continue to believe that the most attractive risk-adjusted opportunities are outside the mainstream.

Prime hunting grounds for undervalued opportunities



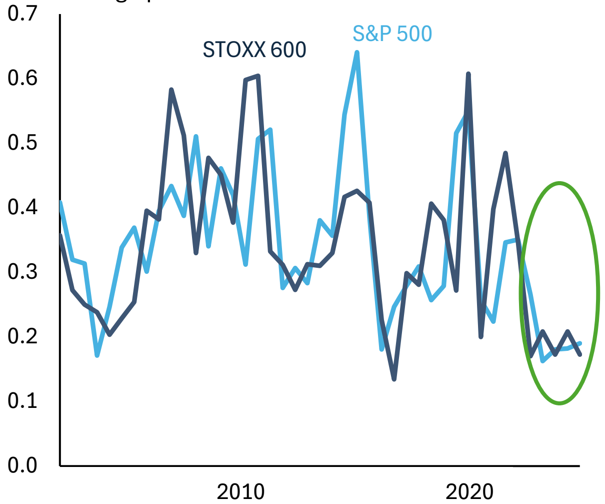
Source: Topdown Charts, LSEG Datastream

The existential question is whether anyone cares about these situations? In the short term, perhaps not. Price action in today's markets is driven by trend followers, leveraged trading 'pods' within multi-strategy hedge funds, and other fickle participants. By some estimates, 90% of daily volume in equity markets comes from High-frequency trading (HFT), algorithmic trading, and retail trading.[4] However, there is growing evidence that skilled security selection is now better placed to deliver absolute returns than other approaches. This reflects both the stretched and unbalanced nature of equity indices, and an improving environment for active managers.

Since COVID-19, correlations between the individual shares that comprise the market have been falling, a necessary (albeit not sufficient) condition for stock picking to succeed. Equally important, it is idiosyncratic factors that have been driving the growing dispersion between these stocks, indicative of a regime in which fundamentals matter more than mere sentiment. Absent a major market shock, this should allow us to continue delivering high-quality absolute returns, almost regardless of broader market direction.

Under the surface, correlations are falling

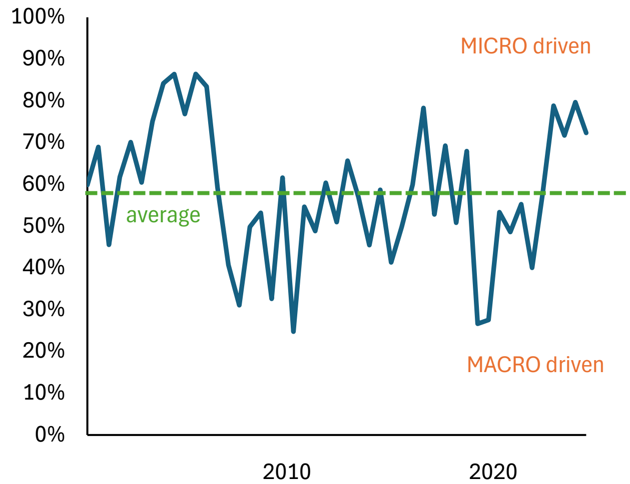
12m average pairwise correlation



Source: Bloomberg, Goldman Sachs Global Investment Research

Idiosyncratic factors are driving dispersion

Share of return explained by micro factors



Source: Bloomberg, Goldman Sachs Global Investment Research

Looking at the broader economic picture, there's a reasonable case to be made that the second half of the year will be more benign than the first. In the US, consumer spending has remained resilient despite tariffs, wages are rising steadily, and government expenditure is supportive of growth. US multinationals may benefit from currency tailwinds, while core inflation continues to moderate. Energy prices are softening, and the Fed Funds Rate remains above Core PCE, leaving policy at its most restrictive since 2007. A shift towards easing could act as a catalyst for renewed multiple expansion. In Europe and Asia, there are tentative signs that conditions on the ground are improving, and policy is becoming more accommodative.

That said, risks to the equilibrium persist. The 90-day tariff reprieve has ended and, paradoxically, the recovery it triggered seems to have emboldened the administration, which has become accustomed to the income generated by import duties in the meantime.[v] While tariffs have not significantly impacted headline inflation, second-order effects remain a possibility. Labour markets are tight even before any monetary easing, and a resurgence in inflation cannot be ruled out. Meanwhile, the newly enacted OBBB Act imposes a greater fiscal burden than the effects of the CHIPS Act, CARES Act, Infrastructure Law, and American

[4] Source: Investopedia

[v] Source: Reuters. US customs duty collections topped US$100 billion for the first time during a fiscal year and helped to produce a surprise US$ 27 billion budget surplus for the month, the Treasury Department reported.

Rescue Plan combined.[vi] Whether this new stimulus can stimulate growth and thus reduce the deficit remains uncertain.

THE PORTFOLIO

Because we have been selective in our risk-taking and feel we have identified distinctive investments with an asymmetric return profile, we remain optimistic about the portfolio's return potential.

Direct Investments

Most of our equity-centric exposure is now to opportunities outside the United States.

Of our nine direct investments, five are listed in the UK, three in Continental Europe, and only one in the US. As the following table illustrates, quality can be found at a reasonable price if one looks selectively in international markets.

Top 5 Direct Investments

Stock	Upside to target	Catalysts	P/E Ratio (NTM)
Computacenter plc	+85%	• Large hyper-scaler driven contract growth in the US • Early stages of UK recovery • German stimulus package	11.5x
Weir Group plc	+40%	• Brownfield mining capex and consumables spend increasing • Potential commodity cycle inflection • Near-term upgrades to mining outlook • Positive policy progress on mining	18x
IMI plc	+35%	• Continued orderbook growth in Process Automation • Potential for further buybacks • European industrial recovery	14x
Cancom SE	+70%	• German public sector stability • German stimulus package • Windows refresh cycle • Potential for further buybacks	14x
Heineken NV	+45%	• Recovery in Vietnam • Margin improvement driven by cost saving programme • Input cost normalisation	13x

Source: Marylebone Partners LLP, estimates. Price targets reflect our analysts central case scenarios. There is no guarantee that targets will be met.

Recently, we initiated a position in **DCC plc** - arguably the most overlooked member of the FTSE 100. The company is a leader in sales, marketing, and support services, yet the transition of its Energy division, towards higher growth and margin activities, has received little attention. That may change as non-core assets are sold, leaving a cleaner and more profitable enterprise. Shares of DCC plc currently trade on a prospective Price-to-Earnings multiple of 9x, offer a dividend yield of 4.5%, and a Free Cash Flow yield of 10%.

[vi] Source: Bloomberg.

The re-shoring of US manufacturing is driving structural demand for **copper**, along with the electrification of transportation and the expansion of AI infrastructure, all of which depend on significant upgrades to the power grid. Yet supply remains constrained. The International Energy Agency projects >30% shortfall by 2035.

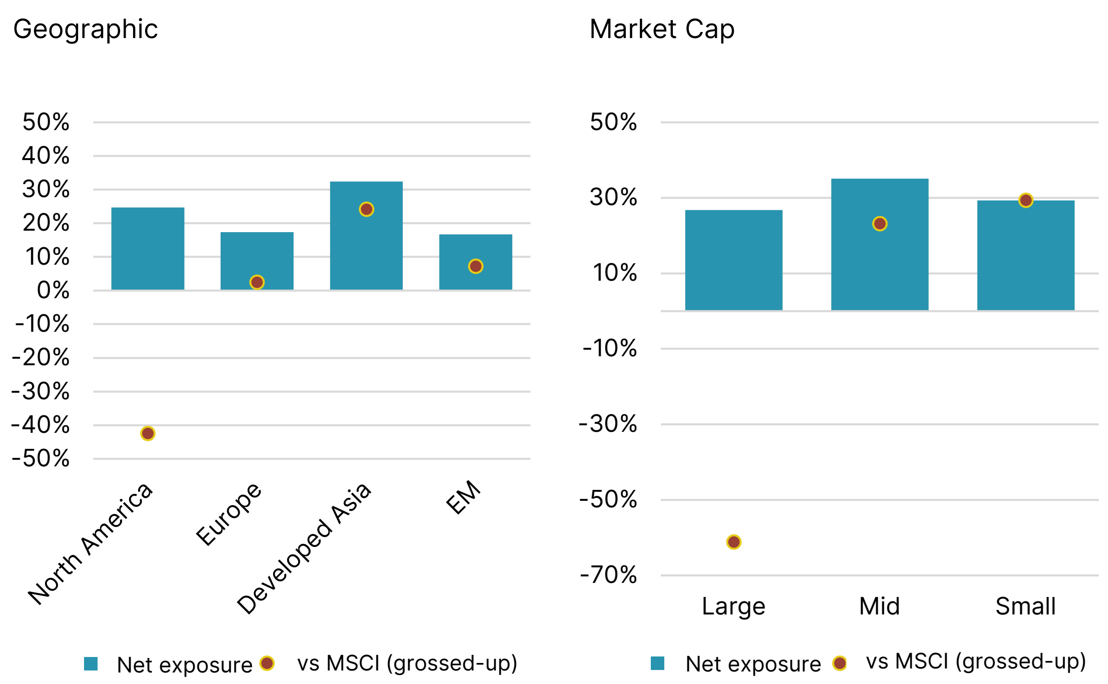
External Managers

Five of Majedie's nine specialist equities managers also invest outside the US: in China, Japan, Europe, pan-Asia, or internationally. They share our view that the environment favours stock selection and are using local knowledge to exploit regional inefficiencies.

The manager of **Perseverance DXF Value** has become incrementally more constructive on China, with targeted stimulus expected to support a mix of value, growth and cyclical investments. **Helikon L/S Equity** - a European-biased value manager - has taken some profits in Gold Miners and Financials, reallocating capital into new opportunities. **Briarwood Capital**, an eclectic investor in smaller listed companies that have private-equity backing, is benefiting from strategic interest, improving earnings momentum, and a renewed appetite for non-US ideas.

The constituent holdings of Strategic Capital's **Japan-up** fund trade at steep discounts to their book value, often with substantial cash reserves and low valuations. These are typically stable, asset-rich businesses that have underperformed due to poor corporate governance or inefficient capital allocation. Recent examples of the firm's successful engagement include companies increasing dividends, cancelling poison pills, unwinding cross-shareholdings, and raising return-on-equity targets in response to their pressure.

Positions of Majedie's Specialist Equities managers vs MSCI ACWI



Source: Marylebone Partners LLP. Equity-centric manager exposures vs MSCI ACWI.

New position: Niatross Investments

At the start of the year, one of our research priorities was to identify a long-only, pan-Asian equity manager to complement our two very specialist funds operating in the region. A comprehensive search led us to **Niatross Investments**, an independent Hong Kong-based firm led by Julian Snaith (formerly of TPG Axon).

As with most of our managers, Snaith manages a focused portfolio of high-conviction positions. Today, his preferred hunting grounds are Japan, Korea, Hong Kong, Singapore, and Australia and more than two-thirds of the fund's exposure lies in the Financials, Consumer and Industrials sectors. The investment approach is fundamental, patient and value-oriented. During our due diligence process, which included video calls and several in-person meetings, we were struck by the rigour of their research and an almost obsessive emphasis on avoiding loss in individual positions, even under bear-case scenarios.

Niatross formalises this into its process, modelling a probability-weighted return profile for its investments over a three-year horizon. Currently, they project a weighted-average upside of more than +140%, compared with a potential downside of -20%. This is an unusually attractive skew, both in absolute terms and relative to the fund's history.

Niatross' position size-weighted portfolio valuations

	FY 2024	FY 2025	FY 2026
P/E (x)	25.5x	11.1x	8.3x
P/B (x)	1.0x	0.9x	0.9x
EV/EBITDA (x)	8.0x	4.5x	3.8x
FCF to Equity Yield (%)	4.8%	6.0%	7.9%
FCF to EV Yield (%)	4.0%	4.8%	6.5%
Dividend Yield (%)	2.9%	3.7%	4.7%

Source: Niatross Investments

Where we have chosen to hold US equities, it is in areas where we believe fundamental value has been overlooked and structural inefficiencies exist. Examples include mid-cap Biotech, niche Software stocks, and activist-led value situations.

The allocation to absolute return managers remains largely unchanged. We continue to favour managers who specialise in stressed and distressed credit, who can mitigate market risk through hedging and by investing in defensive short-duration instruments that sit senior in the capital structure. This helps shield performance from broader volatility in traditional credit and bond markets. We have no exposure to private credit, where exponential growth and looser underwriting standards would give us cause for concern in an economic downturn.[vii]

[vii] White & Case reports that AUM in private credit has quadrupled in 10 years to >US$ 1.6 trillion and BlackRock forecasts it could reach US$ 3.5 trillion by the end of 2028.

Special Investments

Two of the underlying positions within the most recent tranche of Special Investments experienced diverging fortunes over the quarter. **Project Senior** (a co-investment in CVS Health Corp) continued its strong performance as the initial benefits of management change and pricing discipline became apparent. Meanwhile, **Project Philadelphia** (a thematic SPV in a cyclical industry undergoing structural change) endured a torrid start as the target industry was seen as being in the crosshairs of tariffs. Not only does its manager believe these concerns are misplaced, but he also feels they are ultimately inconsequential. Elsewhere, some special investments retraced prior gains, mostly because they were exposed to (or perceived to be exposed to) tariffs. We did not make any new Special Investments.

Project Uranium. Demand is rising, with the US administration now targeting a fourfold increase in nuclear capacity by 2030. With little incremental supply, long-term contracts are likely to be repriced higher.

SUMMARY

Our overall stance therefore reflects measured optimism, based on confidence in the quality of our holdings, the judgement of our external managers, and the favourable risk-reward profile throughout the portfolio. The investments are high-quality, attractively valued, and balanced by geography and sector.

BUSINESS DEVELOPMENTS

Last month, we announced that Marylebone Partners is in advanced discussions to join Brown Advisory, an independent firm with which we have a long-standing relationship and a strong alignment of values. Brown Advisory's investment approach, client focus, and partnership ethos mirror our own. There is a clear cultural fit and a complementary set of capabilities. Should the transaction proceed, there will be no change to the way we manage Majedie Investments PLC.

Our motivation for joining Brown Advisory is straightforward: we believe it will bring meaningful benefits to our clients. Discussions are progressing very well, and we will update shareholders on developments.

Marylebone Partners

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