Majedie

April 2026

MARYLEBONE PARTNERS PORTFOLIO MANAGER COMMENTARY

Over the second quarter of Majedie's financial year, its Net Asset Value (NAV) rose by +0.2%, with gains in January and February largely given back in March. Even so, this was a strong relative outcome against a backdrop of weaker equity markets and levels of volatility comparable to the Liberation Day episode last year. Roiled by a spike in energy prices and fears of stagflation, the MSCI ACWI fell -7.2% in March alone, ending the quarter down -3.2%. Asian equities[i] dropped -13.7% in March, ending the quarter -1.2%, as the U.S. dollar strengthened, gold fell sharply, government bonds underwent a bear flattening, and credit spreads widened. For the financial year-to-date the NAV has risen +4.3%.[ii]

ATTRIBUTION

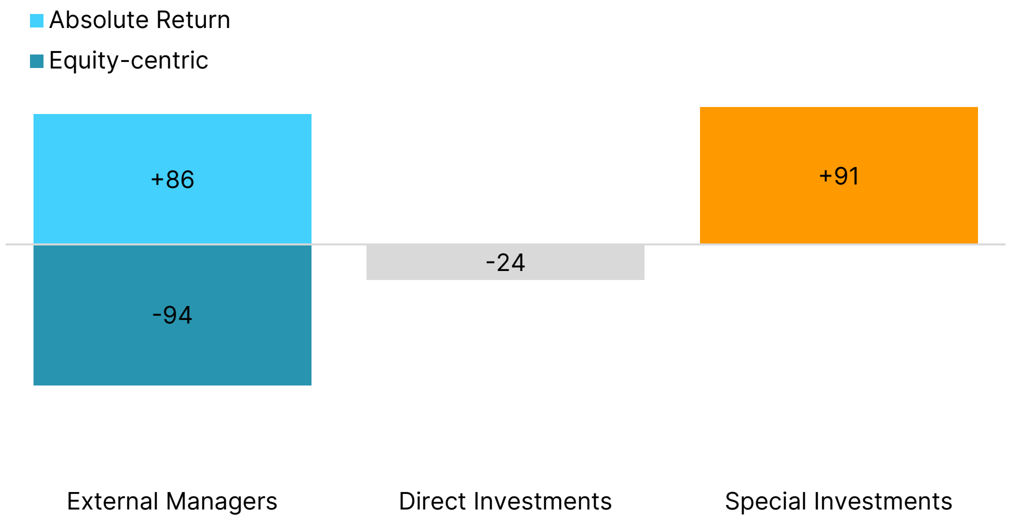
We attribute the resilience of Majedie's portfolio during the period to two structural features of our approach. First, the portfolio's underlying investments are idiosyncratic. Despite its equity-centric nature, the portfolio can produce results largely independent of directional market moves over anything beyond the short term. Second, our decision-making protocol leads us, and our underlying managers, to take profits when long-term investments approach medium-term price targets. In February, for example, we reduced positions in copper and uranium stocks, leaving us with some dry powder to deploy in the subsequent pullback.

As a result, the strongest contribution over the quarter came from commodity-related investments, followed by external manager allocations to our biotech specialist and a low-net exposure Shipping & Energy fund. The weakest performance came from our software specialist and Brown Advisory's Global Focus strategy. We viewed this as an opportunity and added to both on 1 April.

With uncertainty in the Middle East still elevated, further volatility in the months ahead looks likely. We continue to monitor developments closely and will adjust the portfolio where needed, but on balance we believe current positioning remains well judged. We are mindful of the economic consequences of higher oil prices, are not taking outsized views on either side of the AI disruption debate and have no exposure to private credit. We added selectively in areas that have sold off in recent weeks without any corresponding deterioration in fundamentals. At the time of writing, this has supported a strong start to the second quarter.

[i] MSCI Asia ex Japan TR net index.
[ii] As of 31 March 2026. Past performance is no guarantee of future performance. Returns are not guaranteed.

Contribution by strategy (over the quarter)



Source: Marylebone Partners LLP. Gross contribution as of 31 March 2026. Shows return on investment portfolio net of all underlying fees / expenses but gross of the Investment Manager's fees and expenses. Past performance is not a reliable indicator of future results and returns are not guaranteed.

External Managers

As shown in the chart above, the strong performance of our Absolute Return strategies mitigated the effect of weak stock markets on the Equity-centric components of the portfolio. All the Absolute Return strategies made money over the quarter, with the largest contribution coming from Fearnley, the portfolio's low-net exposure Shipping & Energy fund, supported by Contrarian Emerging Markets Fund, a distressed-debt specialist. Although the Equity-centric component was down over the quarter, performance was roughly in line with the broader markets. Performance reflected our deliberate overweighting of Asian markets which felt the brunt of the sell-off in March, and some exposure to software stocks, a sector that was weak amid fears of AI-driven disintermediation. The strongest performance came from Paradigm, the portfolio's biotech manager, which benefitted from positive clinical data and takeover approaches for some of its largest holdings.

Direct Investments

The largest contribution to performance came from copper exposure, via the Global Copper X Miners ETF and some options, which we sold in January. Copper stocks rose as much as +25% in the first two months of the year prompting us to lock-in some gains in the ETF before it subsequently fell back from the highs. We classify copper as a Direct Investment even though it differs in profile from other holdings within the category.

Computacenter plc and IMI plc also contributed positively, alongside the public equity of ArcBest Corp., a U.S. logistics and transportation company in which a position was initiated during March. Primary detractors were Stabilus SE, Cancom SE and SS&C Technologies Inc. The latter was sold as we no longer see compelling asymmetry relative to opportunities elsewhere, while Allfunds plc was also exited following a takeover approach. The portfolio's holding in Brown Advisory's Global Focus strategy was affected by weakness in several of its positions amid fears of AI disruption, which the manager believes to be fundamentally unwarranted. With prospective IRRs now higher than they have been for some time, we viewed the weakness as an opportunity to build up our investment.

Special Investments

The Special Investments strategy performed strongly over the quarter, with most holdings contributing positively. Performance was led by the Sprott Uranium Miners ETF, which rallied sharply as the sector rose by as much as 50% at its peak, before retracing. We used this strength to trim the position. We exited Bank of Cyprus Holdings plc, a position that was initiated in February 2025, following a successful holding period during which the company delivered strong earnings growth, increased its dividend payout ratio to 100%, and saw a subsequent re-rating of the stock. Bow Street Global Opportunities Fund, a European litigation finance investment, and Orizon Valorizacao de Residuos SA both made positive contributions to performance, the latter announcing a transformational deal to acquire Vital Engenharia Ambiental S.A., adding new capabilities in integrated waste collection and landfill. Oxford Biomedica plc detracted from returns after giving back gains made following a take-over approach from Swedish private equity firm EQT, which did not progress. We understand there remains strategic value in the company, alongside the fundamental upside.

MARKET COMMENTARY

The calendar year began with markets still anchored to two assumptions: resilient U.S. growth and cooling inflation, together supporting a gradual move towards lower policy rates. That backdrop held through much of January and February, with equities rising and many industrial and precious metals rallying sharply. At the same time, traders increasingly treated one sector after another as a potential AI casualty, with software very much in the crosshairs. That, in turn, unsettled parts of private credit, given the scale of lending to software companies in recent years.

The market's course then changed. The outbreak of hostilities in the Gulf, and the disruption of tanker traffic through the Strait of Hormuz, brought energy security sharply back into focus. More than a fifth of global oil and LNG trade normally passes through the chokepoint, and by the end of March some 200 vessels had been stranded. Oil prices spiked as supply disruption shifted from tail risk to reality.

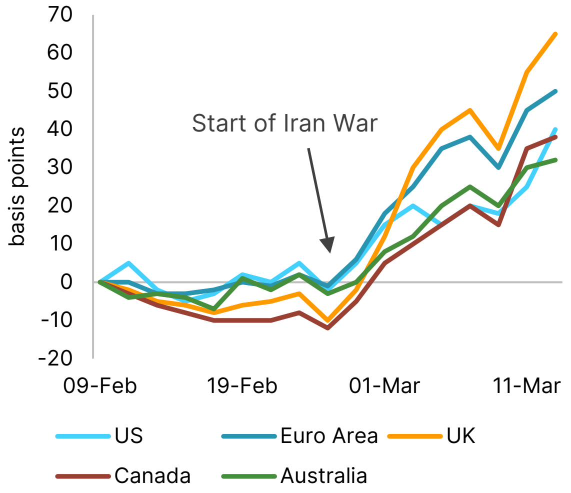
That shock fed quickly into rates, with the MOVE bond-market volatility gauge spiking from 60 to 115. Higher crude prices revived inflation concerns and led markets to scale back expectations for near-term policy easing. Front-end Treasury yields rose in a 'bear flattening' as investors repriced the expected path of monetary policy. The result was an uncomfortable mix: tighter financial conditions arriving just as growth expectations were being revised down.

The U.S. dollar strengthened, supported both by safe-haven demand and the change in rate expectations. That added pressure to non-US markets and drove a sharp reversal in gold and other precious metals. Asian equities were hit particularly hard during the energy shock, reflecting the region's dependence on imported energy and the broader markdown in global growth expectations.

Credit also weakened with the more notable move in lower-quality credit as high-yield bonds and leveraged loans sold off. Even so, the adjustment remained broadly orderly.

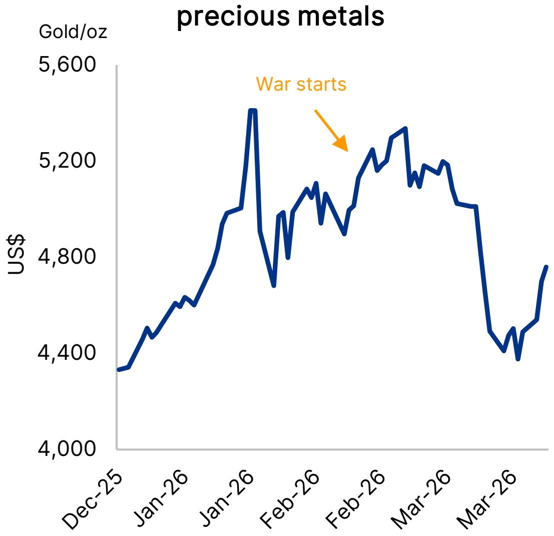
Interest-rate expectations have risen

Change in end-2026 Market Pricing



Source: Goldman Sachs Global Investment Research

Dollar strength triggers an unwind in precious metals



Source: Bloomberg

OUTLOOK

Following events in the Middle East, what had previously looked like tail-risk scenarios for markets may now warrant greater weight in our base-case thinking.

Going into March, Majedie's allocation to equities has focused on bottom-up opportunities away from the first-order effects of the AI debate. Many holdings are listed outside the U.S., with a bias towards Asia. The absolute-return allocation has centred on managers who specialise in process-driven stressed and distressed credit situations. They invest in idiosyncratic opportunities that differ markedly from conventional high-yield or investment-grade markets. In commodities, we have also been selective, focusing on copper and uranium - two metals where the case for ownership is supported by secular demand and constrained supply.

In assessing what may - or may not - have changed, we see three broad paths for how the conflict with Iran could evolve.

One possible outcome is that - once hostilities have eased - external pressure accelerates internal fracture within Iran. Should the regime topple, it would create short-term uncertainty, but markets would presumably rally, global growth would be supported by easing oil prices, and the outlook for regional stability would ultimately improve. Yet, for now, the regime still has the means and the willingness to use force at scale, so it has achieved its immediate objective of survival.

A second path is a negotiated settlement. Recent signalling points to a pragmatic bargain, in return for a degree of stability. In that scenario, passage through the Strait of Hormuz resumes, perhaps under some monitored arrangement or with a toll in effect, or with a relief of sanctions on Iran. Such an outcome would not resolve underlying tensions, and oil prices would most likely settle at a higher level than before. The result would be an uneasy equilibrium that lowers the temperature, stabilises markets and buys time, without eliminating the sources of conflict.

A darker path is one in which neither side finds it can step back. Destructive escalation then becomes unavoidable. Energy infrastructure would become both target and leverage, with pipelines, terminals, tankers, and chokepoints disrupted or degraded. This would reverberate through global supply chains, pushing up prices, volatility, and broader economic stress.

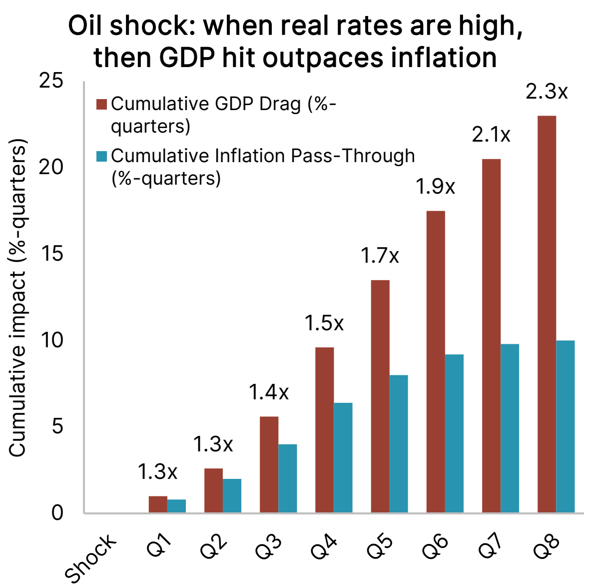
We are cautious about assigning precise probabilities to these scenarios, but the second looks the most likely to us. Both sides need to appear willing to risk scenario three if they are to achieve scenario two on better terms. In that sense, brinkmanship may be a condition for compromise. Nevertheless, the curve would remain structurally higher than before, reflecting a lasting geopolitical premium and continued uncertainty around supply security.

A GROWTH TAX

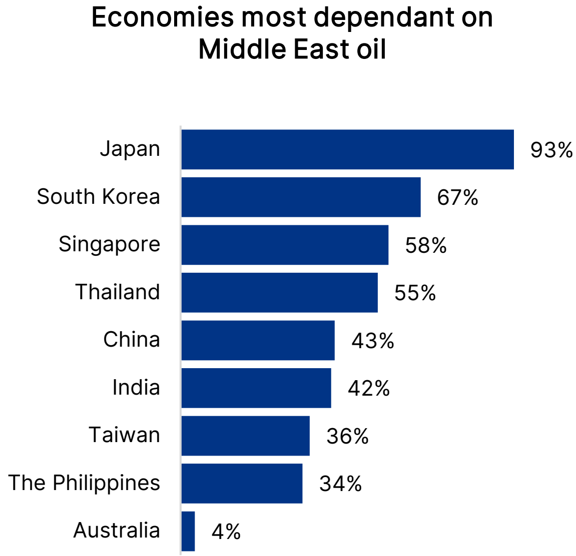
It is understandable that the market's first instinct is to treat an oil shock as an inflation problem. But history suggests the larger and more durable effect often falls on growth, especially when the shock arrives in an economy already facing restrictive real interest rates.

An oil spike acts like a regressive tax. Households cannot quickly reduce fuel consumption, so they cut spending elsewhere: on travel, dining, retail, and other discretionary categories. Companies face a similar squeeze. Transport, chemicals, agriculture and heavy industry all come under margin pressure, while hiring and capital spending become harder to justify. The inflationary effect is immediate and visible. The damage to growth tends to emerge more gradually and then build.

In a monetary regime that is looser than today's, an oil shock may well feed a more persistent inflation cycle. But when real rates are higher, incomes are already under pressure, so the shock mainly reduces output and investment rather than bidding prices up. In that setting, the more likely outcome is demand-destruction. If economic growth falters but inflation proves less persistent than feared, then recession, not stagflation, would result. The next move could be towards *lower* policy rates rather than higher ones currently assumed by the markets. Then, the question becomes whether policymakers are ahead of the curve, or behind it.



Source: Syzygy analysis of the impact of oil shock in higher real-rate regimes



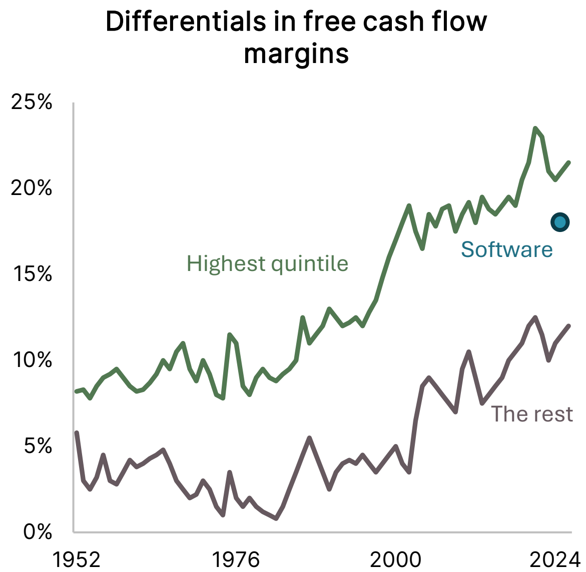
Source: Morgan Stanley Research

DICHOTOMY IN GROWTH STOCKS

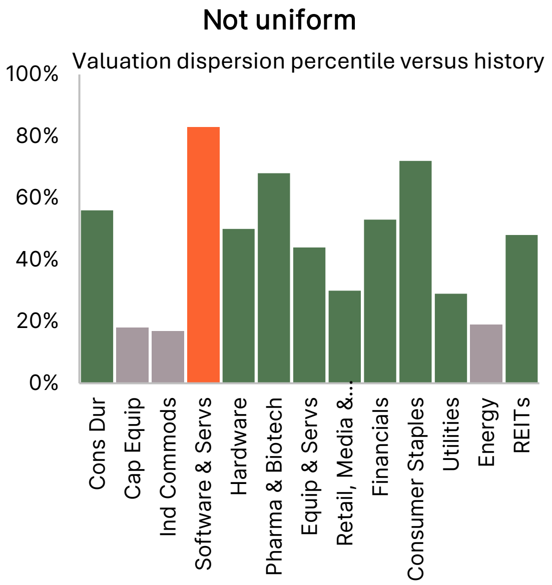
Over time, share prices follow the delivery of earnings and, even more importantly, of free cash flow. Data shows that the most consistently cash-generative companies have outperformed the rest, by a meaningful margin.

Today, investors are extending confidence to one class of historically cash-generative growth company, while withholding it from another. In the case of the hyperscalers (large cloud-computing and infrastructure companies), markets are willing to look through near-term pressure on free cash flow margins, inferring that current spending will support materially higher cash generation in due course.

In contrast, investors increasingly fear that AI will erode both growth and cash-flow margins of software companies, even though there is limited evidence of that so far. That strikes us as too blunt an assessment. Some software business models will indeed come under pressure, particularly those with limited differentiation, or whose advantage rests mainly on routine code production. But many others are well positioned. They continue to grow, retain strong margins, and benefit from competitive advantages, whether through ownership of customer data, their status as systems of record, or the deep operational embedding that makes them difficult to replace.



Source: Empirical Research. Large-Capitalisation Stocks: Forward Relative Returns of the Highest and Lowest Quintiles of Free Cash Flow Yield



Source: Empirical Research.

FAULT LINES IN CREDIT

According to Preqin, roughly US$1.2 trillion has been raised by private-credit firms in the past five years. Operating outside the public bond and broadly syndicated loan markets, these non-bank lenders provide capital on privately negotiated terms. In our experience, when a lot of capital is raised to pursue a finite opportunity set, underwriting discipline seldom remains intact.

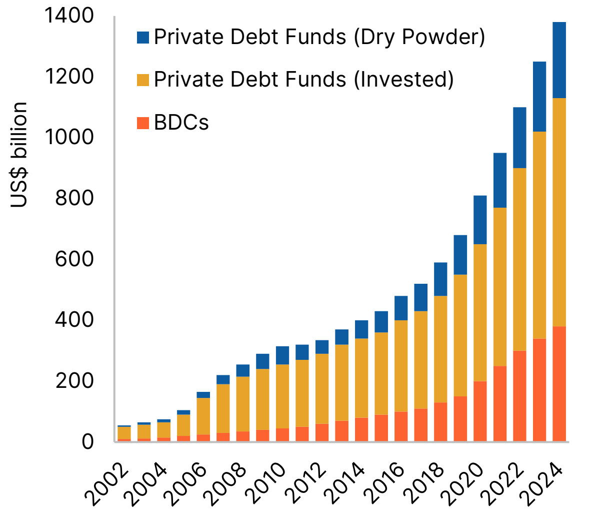
That concern has grown more acute as some loans made to software businesses have come under scrutiny. Industry estimates suggest as much as 30 per cent of direct lending exposure sits in software, with loans often underwritten against high valuation assumptions, limited creditor protection, loose covenants, and unappealing Payment-in-Kind features.

One manager in our network estimates that the typical software borrower has financial leverage of approximately 6x on its balance sheet, with low interest coverage and, in many cases, while burning cash. That uneasy combination points to more defaults ahead. The lack of tangible asset backing in software companies also suggests that recovery values on defaulted loans could be low. An economic slowdown would apply further pressure to credit markets. Against this backdrop, investors will discover which private-credit managers have cut corners, while the highest-quality practitioners should remain relatively resilient.

Although the Majedie portfolio has no exposure to private credit, and we reduced exposure to more liquid credit instruments last year, we are mindful of second order effects. Allocators who are overextended in illiquid credit may be forced to sell more liquid securities. Our specialist credit managers remain focused on idiosyncratic positions that are already priced for adverse outcomes. Their portfolios are anchored in resilient and less cyclical areas that should be more insulated from economic and geopolitical stress. The emphasis remains on near-term, actionable catalysts, and owning instruments that have seniority in the capital structure.

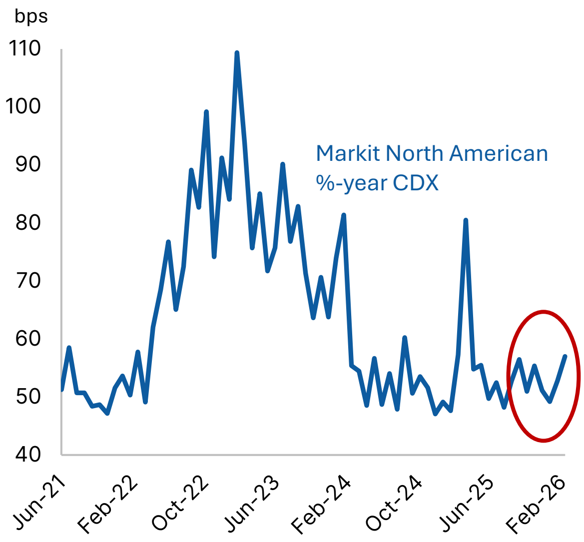
They have also mitigated market risk through portfolio-level credit and equity hedges designed to provide downside protection. That should leave our managers well placed to deploy capital into dislocations if conditions worsen.

The rise of private credit



Source: Preqin. BDC stands for Business Development Company. It is a U.S. regulated investment vehicle, generally a closed-end company.

Credit spreads have not hit crisis levels



Source: Bloomberg

POSITIONING

External Managers

We initiated a position in the LIFE Korea Engagement Fund, sizing the allocation conservatively, cognisant that the market had been on a strong run. We added to the investment at quarter end, after the pullback. The position in Niatross Investments Asia was also increased. Elsewhere, we reduced the portfolio's exposure to Helikon Long/Short Equity Fund ahead of the market weakness in March and continued the planned redemption from Engaged Capital Flagship Fund, which is expected to complete by the end of next quarter.

Within Absolute Return, the allocation was reduced through a partial reduction of the holding in a European specialist manager.

Direct Investments

The Direct Investments strategy comprises two distinct components. The first is focused on a concentrated number of non-consensual "unappreciated change" opportunities, where we believe the market materially underestimates the prospective growth potential or the scope for operational transformation. For categorisation purposes, and as it is directly held, we include the copper miners ETF in this section. Effective 1 January, the "quality compounders" component of the Direct Investments strategy was entrusted to Brown Advisory's established Global Focus strategy. As this mandate is managed internally by our new colleagues at Brown Advisory, Majedie does not incur an additional layer of fees. As a result, the allocation to the Direct Investments strategy has increased from 15% to 18%.

Special Investments

Through Marylebone Partners' proprietary ideas network, Majedie has access to selectively sourced co-investments, special purpose vehicles and thematic opportunities, each subject to stringent underwriting criteria before inclusion in the portfolio.

During the quarter, the allocation to the Special Investments strategy was reduced from 15% to 12%, reflecting the decision to realise two holdings: Bank of Cyprus Holdings plc and Qena Capital Partners, LP (Class T), an investment in the listed equity of FTAI Infrastructure Inc. Both positions were exited in full, leaving eight holdings within this component of the portfolio.

The absence of new Special Investments over the past quarter should not be mistaken for a lack of activity. Our team proposed at least five ideas for consideration, of which three were rejected and two were sent back for further analysis and substantiation. We have a strong pipeline of new ideas but maintain exacting standards for the deployment of capital, especially when we see so much opportunity in more liquid areas at present.

CONCLUSION

Amid ongoing geopolitical and macro uncertainty, we expect the coming months to bring further market volatility. Having reassessed probabilities, we believe the fundamental case for Majedie's investments remains strong and as a result we have made very few adjustments. In several cases, following the recent pullback, prospective return potential has improved.

BUSINESS DEVELOPMENTS

There were no meaningful changes to our team or business over the quarter. Integration within Brown Advisory is progressing well.

Marylebone Partners

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