Majedie

November 2026

PORTFOLIO MANAGER COMMENTARY

Performance over the quarter was effectively flat, with August gains largely given back in September. Strong earnings from several of the portfolio's Direct Investments provided the principal support, alongside a smaller contribution from its external managers with an absolute-return profile. These were offset by mark-to-market weakness in Special Investments, notably uranium equities, and among equity-centric external managers with exposure to semiconductor stocks.

The September reversal reflected shifting sentiment that has extended into October. We do not see a change in real-world fundamentals of sufficient magnitude to require a recalibration of the assumptions behind our various investments. Because Majedie's underlying positions are marked-to-market regularly, its published Net Asset Value is not immune to such oscillations: price and value can part company for a while, and therein lies the opportunity. The portfolio remains populated by idiosyncratic bottom-up ideas where we see meaningful upside potential supported by underlying valuations. Over any reasonable measurement period, Majedie's fortunes should be largely independent of prevailing market narratives.

Anticipating a possible pullback, we had raised cash at quarter end, principally by rebalancing holdings with certain external managers after a particularly strong run. That leaves us on the front foot. Cash buys optionality, and we intend to exercise that option only when we believe we are being properly compensated for the risk we take on. For now, we remain respectful of three forces: the unwinding of crowded momentum trades, heightened political risk, and an earnings season with scope to drive more volatility in AI-related names.

It is perhaps understandable that, at times last quarter, fundamentals took a back seat to news flow. Renewed hostilities in the Middle East pushed energy prices higher, inflation proved stubborn, and central banks resumed tightening. Longer-duration government bonds (to which the portfolio has no direct exposure) sold off sharply, while investors increasingly questioned the economics of the AI investment boom. We will comment on the potential significance of these developments later in this letter; on balance, we believe the portfolio should be well positioned to navigate and potentially take advantage of current uncertainty.

Against an evolving backdrop, Majedie has made solid progress over the first nine months of the calendar year, with all three components contributing positively and different investments coming to the fore at different times, like cyclists in a peloton taking turns at the front. It reflects the regime Majedie was built for: wider dispersion between winners and losers, more frequent geopolitical shocks, and compelling risk-adjusted opportunities to be found away from the crowded mainstream.

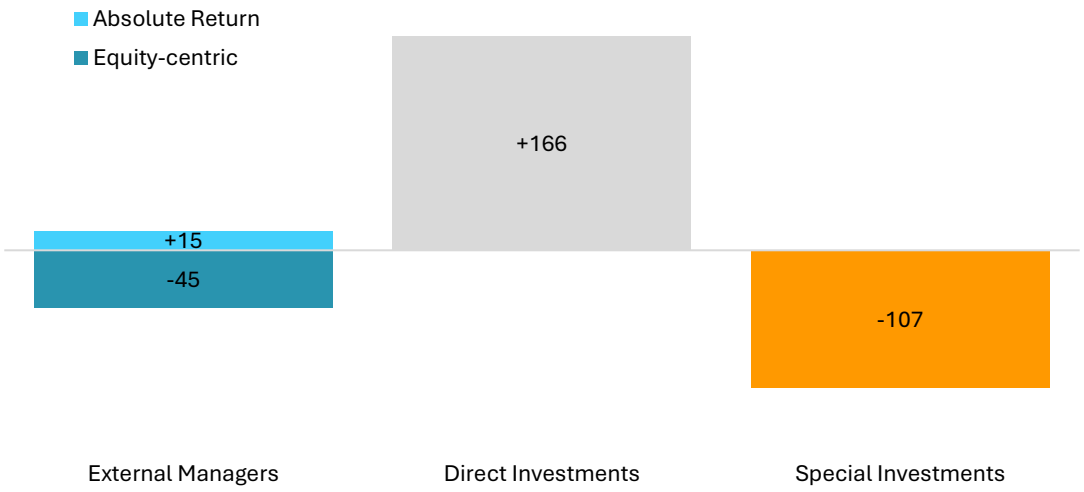
ATTRIBUTION

Over the quarter, contributions were mixed. Direct Investments were the clear positive driver, led by Computacenter plc, Weir plc and the Brown Advisory Global Focus fund, with a further boost from copper miners held through the Global X Copper Miners ETF.

Among External Managers, Fearnley Energy Alpha led a modest positive contribution from the absolute-return managers. The equity-centric managers were more challenged on this occasion, with gains from Praesidium and Niatross outweighed by weakness from Perseverance DXF Value, Paradigm BioCapital and CastleKnight.

Special Investments laboured, as our uranium position and a thematic opportunity in a sector of the Chinese equity market sold off, more than offsetting a positive contribution from Sachem Cove.

Contribution by strategy (over the quarter)



Source: Marylebone Partners LLP. Gross contribution as of 30 September 2026. Shows return on investment portfolio net of all underlying fees / expenses but gross of the Investment Manager's fees and expenses.

External Managers

Our equity-centric external managers had a patchy quarter. Strong initial returns from Asian equities, particularly those companies exposed to the semiconductor and memory cycle, were surrendered in September as markets grew nervous about valuations, the durability of AI-related capital expenditure, and the consequences of higher interest rates. Three of Majedie's managers have exposure to some of these names, albeit they pared back before the worst of the selloff. The underlying earnings momentum in these businesses remains impressive, but investors are becoming more discriminating about how much they are prepared to pay for it.

The portfolio's absolute-return profile managers held up well against an exceptionally difficult backdrop for fixed-income securities. They navigated these conditions without meaningful impairment, further evidence of their limited interest-rate sensitivity and relatively low dependence on broad macroeconomic outcomes. We believe these managers' potential to generate returns from process-driven opportunities remains particularly valuable.

Direct Investments

Our internally managed Direct Investments performed well, benefiting from a combination of strong earnings growth, upward revisions to expectations, and more appropriate valuations as the market began to recognise the progress being made by several businesses. This was encouraging, particularly given that the gains were driven by developments specific to the companies themselves.

Copper miners, held through the COPX ETF, also advanced, supported by the increasingly apparent tension between structural demand growth and constrained supply.

The Brown Advisory Global Focus strategy - which we can access for Majedie investors for no additional fee - was a modest contributor. 'Quality' stocks have been out of favour this year, and embedded return potential continues to build in that part of the portfolio.

Special Investments

Over the quarter, performance of Special Investments was disappointing in aggregate. However, we should point out that the allocation to this category is proportionately smaller than for some time, as several successful campaigns have come to fruition and the bar for inclusion remains extremely high for new ideas.

Uranium equities suffered a pronounced selloff in September, with the Sprott Uranium Miners ETF declining by around -16%. This was a reminder that even compelling long-term supply-demand imbalances offer little protection against short-term changes in investor appetite. We continue to regard the sector constructively, while remaining conscious of the considerable volatility inherent in its equity valuations. Sachem Cove, a specialist manager in the same area, made a small positive contribution.

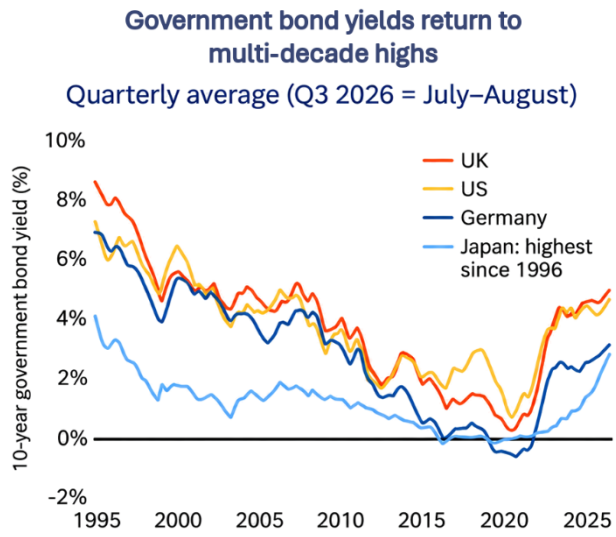
Our thematic investment in a cyclical industry in China remained under pressure. The government introduced further measures during the quarter to reduce excess capacity and prevent below-cost selling, and there are early signs of improving prices across the supply chain. However, key capacity restrictions will not take effect until January 2027, and a sustained industry recovery remains elusive.

MARKET COMMENTARY

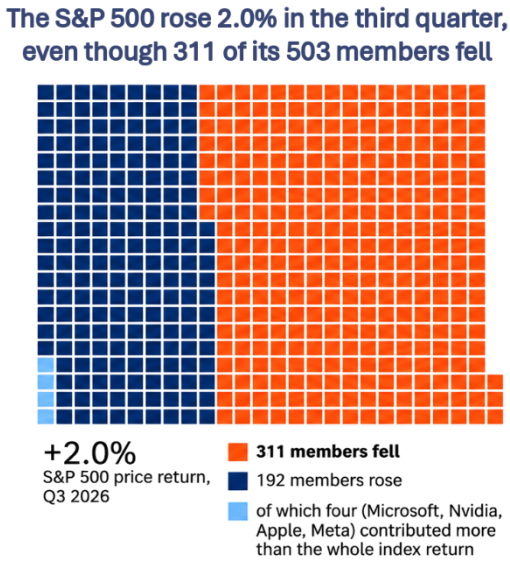
The quarter was dominated by a sharp sell-off in government bonds, as renewed inflationary pressure and surprisingly resilient economic activity forced central banks back into tightening mode. The Fed, ECB and Bank of Japan all raised rates.

Resurgent energy prices added to the pressure. A June Memorandum of Understanding between the US and Iran briefly pushed Brent crude below US$70, before renewed attacks on tankers in the Strait of Hormuz sent it back above US$100. Meanwhile, the US economy refused to slow: second-quarter GDP was revised up to 2.2% annualised, business surveys recorded their strongest private-sector activity in more than five years, and core PCE inflation ended the quarter at 3.0%.

Bond markets adjusted accordingly. The US 10-year yield reached 5.3%, the highest since 2002; the 30-year gilt broke 6%; and Japan's 10-year yield exceeded 3% for the first time since 1996.



Source: OECD via Federal Reserve Bank of St Louis (FRED)



Source: S&P Dow Jones Indices, Bloomberg, Marylebone Partners

Global equities nevertheless finished roughly where they started, masking considerable turbulence beneath the surface. The S&P 500 gained 2.0%, despite 311 of its constituents falling. Microsoft, Nvidia, Apple and Meta accounted for more than the index's entire return.

Elsewhere, higher energy prices and two ECB rate rises weighed on European equities, although the FTSE benefited from its energy exposure. Japan's Nikkei fell 4.7% as the Yen strengthened and bond yields rose. China declined 6.2%, its worst quarter since 2022, as the Trump-Xi summit produced only limited tariff reductions and deferred hopes of a broader trade agreement into 2027.

The most dramatic reversal came in Korea. After rising +68% in the previous quarter, the KOSPI fell nearly -20% as the AI memory trade seemingly broke.

Credit spreads remained relatively resilient, although higher government bond yields lifted all-in borrowing costs. High-yield spreads widened to 294 basis points as heavy AI-related issuance tested market appetite.

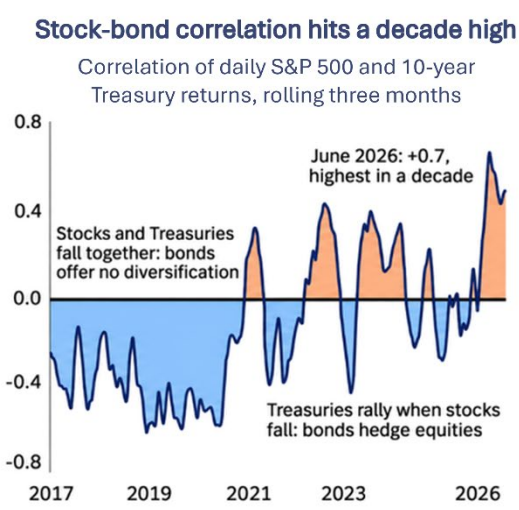
Against this febrile backdrop, Bitcoin was the quarter's best-performing major asset, rising +43%.

OUTLOOK

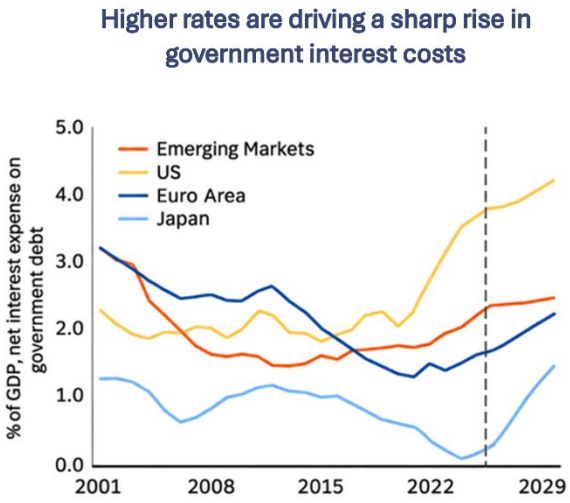
If the economic and market backdrop poses challenges for most allocators, then spare a thought for Kevin Warsh, the new Fed Chair, who faces a Hobson's Choice. With headline PCE inflation running at +3.4% and core at +3.0%, the Fed feels obliged to act or lose its credibility, and maybe its control of the government-bond market.[i] In September, the FOMC raised rates unanimously, and most members expect to do so again by year-end.

However, neither of the two primary sources of this inflation is likely to moderate much in response to tighter policy. The first, higher energy prices, is a direct consequence of hostilities in the Middle East; no amount of rate hikes will reopen the Strait of Hormuz. The pressure also extends beyond oil to other commodities: prices of non-energy goods that transit the Strait are at their highest since mid-2022, and agricultural prices rose last quarter at their fastest pace since Russia invaded Ukraine.

The second is the near-trillion dollars of capex being deployed to build AI infrastructure, which has added around half a percentage point to US growth over the past year. Yet the strategic imperative behind this spending makes it unusually insensitive to rates: another 25–50 bps is unlikely to persuade Microsoft, Amazon or Meta to build fewer data centres. The uncomfortable possibility is that the Fed is offsetting an investment boom by squeezing the more rate-sensitive parts of the economy.



Source: FRED, Marylebone Partners LLP



Source: IMF, IIF

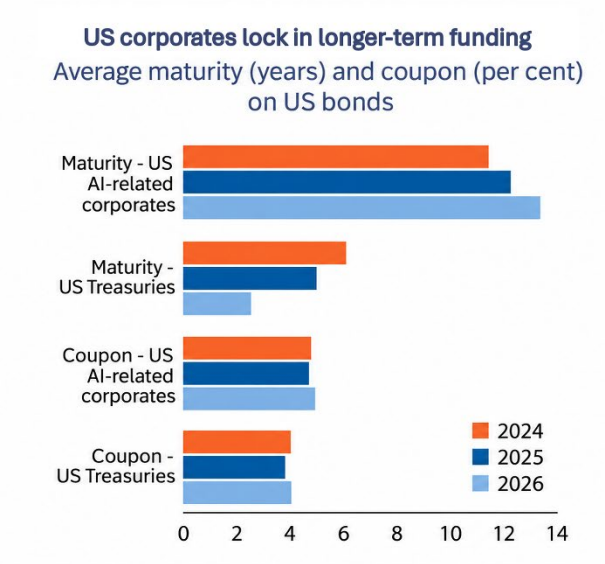
Will the Fed keep hiking until it has created a demand recession elsewhere? We hope not. Oil prices would tumble if the US and Iran strike a deal; the midterms may sharpen Washington's appetite for one. Yet neither side appears close to compromise: the US is running its strategic oil reserve down to a 44-year low, while China has suspended most fuel exports. Analysts we respect see Brent settling anywhere from the $70s to $150.

Treasury Secretary Bessent is meanwhile anxious to contain long-term borrowing costs, with debt interest already exceeding defence spending. He has at least doubled buybacks of longer-dated bonds while seeking to shift issuance towards shorter maturities, thereby reducing the duration investors must absorb. Having told traders, *"I am the house now"*, he later conceded, *"I can't control the bond market"*, as yields rose. But buybacks require financing, largely through further borrowing, and maturity shifts can

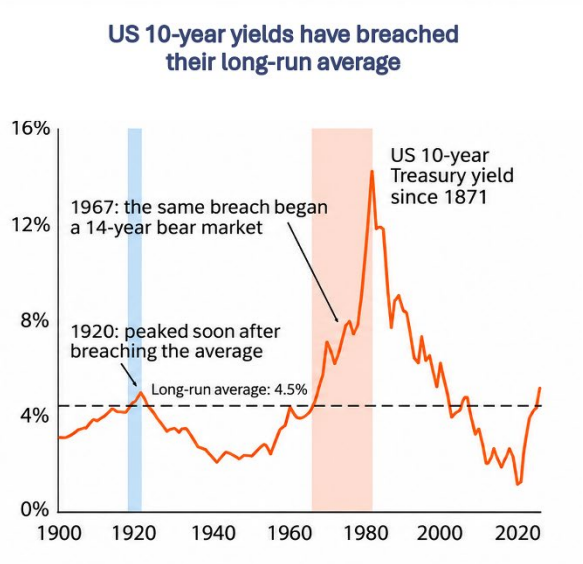
[i] Even though a trimmed-mean measure that strips out the extremes is running at +2.3%.

influence term premia without capping yields. Genuine yield-curve control would require potentially unlimited Fed bond purchases even as policy rates become more restrictive.

With the 10-year Treasury yield exceeding the equity earnings yield by the widest margin in 25 years, we wonder whether 'duration' may turn out to be the best insurance for risk assets. History is not a reliable guide: in 1920 yields peaked soon after breaching their long-run average, whereas in 1967 a fourteen-year bond bear market began. Averse to making investments predicated on one version of the future, we currently run Majedie with minimal interest-rate duration.



Source: Institute of International Finance, Bloomberg



Source: Robert Shiller, multpl.com and FRED

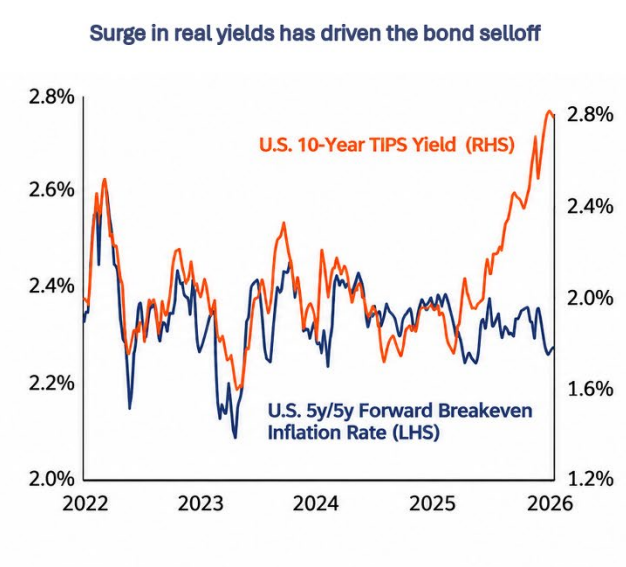
For now, we focus on assets whose medium-term prospects are largely immune to these variables, recognising that, as marketable securities, they may correlate with wider markets over shorter periods. September was a reminder: rising yields pushed the equal-weighted S&P 500 down -5% while the technology-led headline index barely moved. Since its March low, the index has gained over 20%, yet almost 40% of its constituents have fallen. US households have never had more of their wealth in equities, nor more of that wealth in Technology stocks.

Within equities, we have chosen to limit investments directly related to the AI ecosystem to roughly 15–20% of the total. We recognise phenomenal AI uptake, with inference and token consumption compounding rapidly, but struggle to underwrite where the economics will accrue. Users are migrating to cheaper models, while falling inference costs, open-source competition and commoditisation could pressure margins even as usage grows. Much rests on hyperscalers deploying extraordinary capital in anticipation of demand, much of it debt-financed. Bond investors already demand concessions from hyperscalers raising over five times their 2025 level; restraint in equity or credit markets could ripple through the supply chain. We remain enthusiastic about AI's productivity gains, but humble about who captures its value and the ultimate return on the required capex.

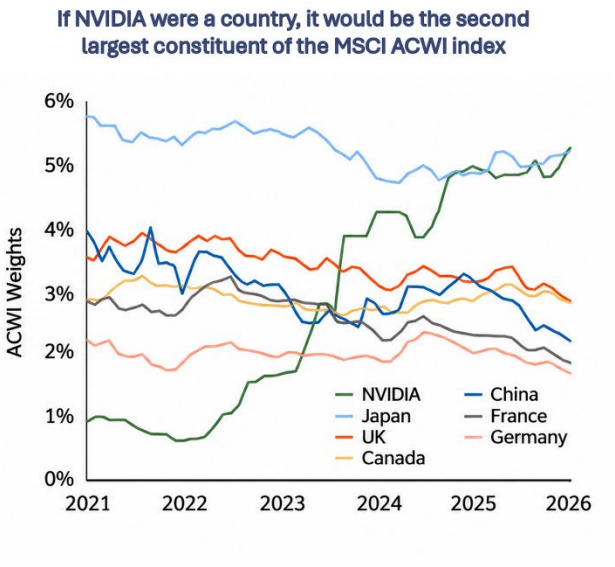
Most of our direct investments are in the Industrials and Business Services sectors: global companies whose reasonable valuations often reflect listings in our deeply unfashionable UK and European home markets. Here, value stocks trade at around two-thirds of book value, near levels after the last energy shock, despite cost cuts and recovering profits. France's fiscal troubles and political upheaval, pushing its borrowing costs relative to Germany towards euro-crisis records, may prolong their neglect.

Through specialist external managers, we also derive targeted exposure to equities opportunities listed further afield. Some of Japan's low-hanging fruit may have been picked since corporate reform began, but we believe potentially more rewarding, higher-hanging fruit remains within reach of activists. Across China and South-East Asia, securities trade at a discount to both their intrinsic value and Western-listed equivalents.

Our US exposure comprises three types of investment: mid-cap stocks in biotech, a sector undergoing scientific transformation and ripe for consolidation as large pharmaceutical companies seek to replenish pipelines; select software companies miscast as AI victims; and special situations, where managers identify value arising from restructurings and other corporate or sectoral change.



Source: Alpine Macro.



Source: The Daily Shot

Within the absolute-return category, specialist credit is our largest allocation. More generic corporate credit looks unappealing: investment-grade spreads remain near historic lows, offering scant compensation for default risk. Yet deeply distressed loans are more prevalent than at any time since the pandemic, as strains build among weaker borrowers, and that dispersion creates a fertile hunting ground for managers with the requisite skills and resources. Distressed investors can finance companies built for a lower-rate world; long/short high-yield managers can own cheap credits while shorting mispriced risk; and convertible arbitrage tends to benefit from volatility. Taken together, we believe these strategies can deliver 8–10% a year, earned through alpha, with little reliance on the direction of equity markets or bond yields.[ii]

None of us can know how the tug-of-war between inflation, central banks and the AI boom will resolve, and we are wary of anyone who claims otherwise. What we can control is the price we pay. With cash in hand and a watch list of businesses and managers we would like to own more of, we are content to let the market come to us.

[ii] Returns are not guaranteed.

THE PORTFOLIO

We raised approximately 8% cash in the portfolio at quarter end and have invested a significant portion of it in short-dated gilts as we await better re-entry points. The portfolio's beta has therefore reduced to roughly 70%.

External Managers

Having made some adjustments in March, amid the volatility induced by the Iran war, turnover among our external managers was low over the past three months. We exited Eicos, a specialist credit manager. We also entered instructions to rebalance holdings with certain managers following a particularly strong run; these took effect at quarter end.

Direct Investments

We established a direct investment in the public equity of Marex Group, a financial infrastructure platform we believe trades at an attractive valuation despite generating returns on equity exceeding 30%. Its shift toward higher-margin, more resilient activities offers potential for earnings growth and a share price re-rating.

Elsewhere, we increased our exposure to copper through the COPX ETF (which we have subsequently reduced again). We exited our direct investment positions in DCC, following the announcement of a takeover approach, and in Stabilus.

Special Investments

During the quarter, we initiated a position in Project Bramble, a co-investment opportunity introduced by New York-based manager SaddleRock. The underlying reference security is a UK-listed public equity that seeks to acquire undervalued or underperforming industrial businesses, improve operational performance and realise value over a three-to-five-year horizon.

BUSINESS DEVELOPMENTS

There have been no notable changes to our business or team over the period.

Marylebone Partners

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