



RATHBONES

RATHBONE SICAV GLOBAL OPPORTUNITIES FUND

QUARTERLY UPDATE SEPTEMBER 2026

Our fund returned -0.1% in the third quarter, slightly behind the IA Global sector's 0.4% and the FTSE World Index's 1.7%. Year to date, the fund is down 2.3%.

It's been a frustrating year for us. This market has rewarded earnings acceleration and surprise, and punished any sign of doubt or prudent hesitancy from company management teams. In short, humility is out. Moonshots are in.

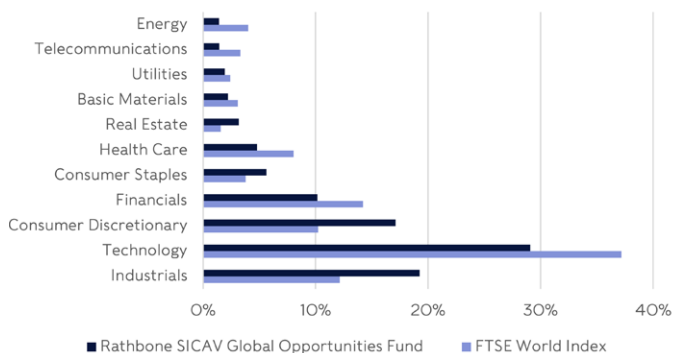
AI is at the centre of that, particularly semiconductors and the companies building the infrastructure around them. That has helped emerging markets and Japan, which are heavily tied to electronics and the chipmaking ecosystem. We've never owned stocks in these regions, as we don't think we can add value there. Similarly, oil and gas businesses have done well, both in the third quarter and over the year so far, driven by the energy crisis stemming from the disruption to shipping through the Strait of Hormuz. We don't like commodity companies as they take whatever price they're given and can't control their own destiny. Again, we won't adjust our process because of short-term movements.

We do own plenty of AI champions, including chip designers **Nvidia** and **Arm**, cabling and sensors supplier **Amphenol** and cybersecurity specialist CrowdStrike, but not at anything like the weights they make up of the FTSE World index of global stocks. Some experts reckon AI-linked companies now make up half the US market – we want more diversification than that.

Technology was far and away our biggest contributor to returns this quarter, albeit that was offset at the portfolio level by losses in other industries, particularly industrials and consumer discretionary. We still held around 26% in tech, compared with about 37% for the FTSE World. We don't think the answer to a concentrated market is to become concentrated yourself. Sometimes giving up returns is the right call if you don't believe they'll last.

While industrials and consumer discretionary have performed poorly of late, it's precisely in these areas that we have been finding some of our most attractive investments. When prices fall, valuations improve, and we believe it makes sense to buy when these prices are keener.

DIVERSIFICATION FROM LESS TECH, MORE INDUSTRIALS AND CONSUMER



Source: Rathbones, FTSE; data at 30 September 2026

What worked and what didn't

CrowdStrike was our standout in Q3, its performance a sharp improvement from a pedestrian couple of years. We bought CrowdStrike in February, when the market had decided all software would be an AI casualty. AI isn't making cybersecurity less important. It's making the threat more sophisticated. Cyberattacks have become faster, cheaper, more deceptive and easier to scale. Meanwhile, companies are cutting the huge number of security products they use down to a few platforms. CrowdStrike had been caught up in a sell-off far broader than its own fundamentals justified. Arguably nothing changed with this stock, just the market's view on how AI will affect it. This is an example of why we think it often pays dividends to ignore the crowd when all the building blocks of success appear to be there.

Digital office tools developer **Microsoft**, Nvidia, IT platform **ServiceNow** and streaming service **Shopify** also helped our performance, driven by strong earnings.

On the other side, Arm, digger maker **Caterpillar**, cruise liner **Royal Caribbean**, quarry owner **Martin Marietta Materials**, and pest controller **Rollins** held us back.

Changing our minds

Rollins is a good example of where the facts have changed. We thought pest control was a wonderfully resilient business, because people still need it whatever the economy is doing. But AI is starting to change how customers find these businesses through search, which could change the economics of winning new customers. Management couldn't give us enough confidence about how they'd deal with it, so we sold. Rollins hasn't suddenly become a bad company. The question was whether it was still as predictable as we thought, and the answer had changed.

Performance review

	3 months	6 months	1 year	3 years	5 years
Rathbone SICAV Global Opportunities Fund	-0.1%	7.7%	-2.6%	26.9%	11.8%
IA Global Sector	0.4%	13.4%	13.3%	47.5%	44.3%

	30 Sep 25- 30 Sep 26	30 Sep 24- 30 Sep 25	30 Sep 23- 30 Sep 24	30 Sep 22- 30 Sep 23	30 Sep 21- 30 Sep 22
Rathbone SICAV Global Opportunities Fund	-2.6%	9.1%	19.5%	8.5%	-18.8%
IA Global Sector	13.3%	11.8%	16.4%	7.7%	-9.2%

Source: Morningstar; data to 30 September, L-class, mid price to mid price.

These figures refer to past performance, which isn't a reliable indicator of future returns.

We did the same with technical journals publisher and data company **RELX**. We'd bought it believing the market was too gloomy about AI disruption. Then we got new information on competition and pricing that made us less comfortable. I don't have a problem changing my mind. One of the biggest mistakes in this job is spending your time trying to prove your original decision was right after the evidence has changed.

Broadening our growth

AI remains a really important theme for us, but it isn't one trade. There are the obvious enablers. Then there are the companies adopting AI, the companies monetising it, and the companies protecting it, like cybersecurity businesses.

We've also been adding to what I'd call resource independence. The world is much more conscious of where its energy and critical materials come from, and how resilient its infrastructure really is. Fixing that will take a lot of investment.

We've bought and added to positions in Caterpillar, mining equipment maker **Sandvik**, and electrical engineers **Siemens Energy** and **Quanta Services**. They give us exposure to infrastructure, electrification, grid investment and industrial spending without needing to guess what copper or oil will cost next year.

We've kept our defensive side too, adding cosmetics company **L'Oréal** and energy drink business **Monster** alongside drinks supplier **Coca-Cola**, and price-conscious retailers **Walmart** and **Costco**. The growth of these businesses depends far less on everything going right in the economy.

Many consumer stocks look undervalued to me. Rising rates, high gas prices and the cost-of-living squeeze have hit them hard, but those conditions won't last forever. Tougher earnings this year will make next year's earnings easier to beat. Also, any sustained downturn should hurt their higher-priced and smaller-scale rivals more, leaving them with less competition when the economy comes out the other side.

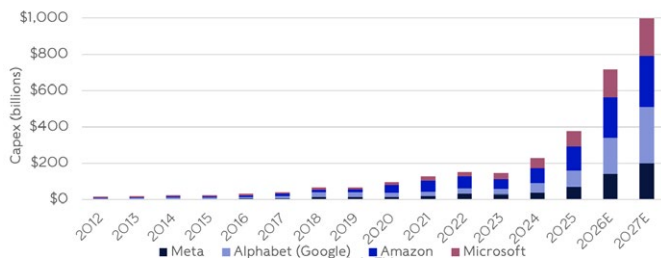
Take Walmart, one of the most advanced adopters of AI I've seen in our portfolio. More than half its app customers now use Sparky, its AI shopping assistant, instead of typing a search. Ask Sparky for taco night for a family of four on \$3 a head, and it fills your basket. Behind the scenes, it runs an advertising auction among the salsa and guacamole suppliers. That's a high-margin advertising event, and Sparky is driving a 40% increase in basket size. It's the evolution of AI from the enablers to the adopters, like this, that could be a new source of sales growth, but – more importantly – how profitable each of those sales is.

From the enablers to the adopters

AI is probably one of the most important investment themes of my career, but I think we're moving into a different phase.

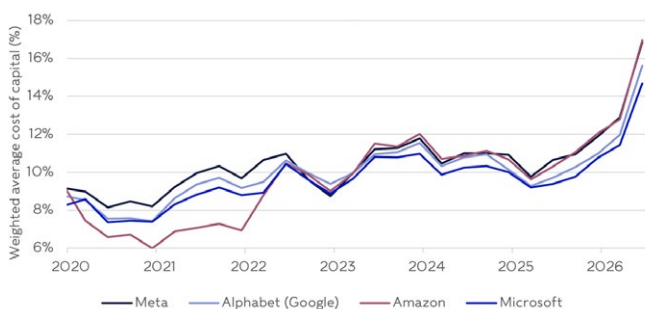
So far, the market has rewarded the picks-and-shovels suppliers. From here, investors should start asking who's actually making money from all this spending. Who owns the intellectual property? Who has pricing power? And who earns a decent return on the capital they're investing? The sums involved are enormous. The industry is planning something like 200-220GW of AI capacity, which is almost 20% of America's current electricity production capacity. The hyperscalers can fund perhaps half of that themselves, and the rest needs outside capital that's getting harder to find. Higher bond yields raise the bar further. Fewer companies can grow earnings fast enough to clear it, which makes stock selection matter much more.

HYPERSCALER CAPEX IS RISING RAPIDLY...



Source: Bloomberg 30 September 2026

HYPERSCALERS' COST TO FINANCE THEMSELVES IS RISING SHARPLY



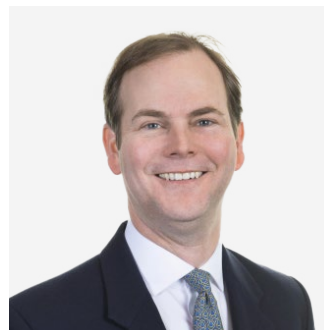
Source: Bloomberg; Weighted average cost of capital is the average annual return a company pays to those who finance it, taking into account how much of the company is financed by debt and how much by shareholders; data 1 January 2020 to 30 June 2026

I expect some blockbuster earnings growth and upgrades to forecasts this third-quarter reporting season. Whether investors look past higher rates and the risk of renewed escalation in Iran after the US midterms is another matter. Concentration is a risk in its own right. Ten stocks are

now 40% of the S&P 500. With so much trading driven by passive funds and leveraged retail investment in single stocks, those heavyweights could make for a painful exit when the herd decides to leave.

Our fund is in better shape than it was at the start of the year. Portfolio return on equity has risen from 23% to 26%. Average sales growth across our holdings has risen from 5.3% to 9.0%, both comfortably ahead of the MSCI World. Yet the fund's valuation has fallen while the MSCI World's is unchanged. Relative performance got worse just as the underlying economics improved. I find that disconnect interesting, and I expect us to benefit from it over time.

We're not positioning for some enormous rotation we claim to predict. We're building a portfolio that doesn't need one particular version of the future to be right.



JAMES THOMSON
Lead Fund Manager



SAMMY DOW
Fund Manager

For more info on our fund, including factsheets, performance and fund manager views, please click [here](#).

If you require further clarification on this commentary, then please contact your adviser or Rathbones at the contact details below.

Any views and opinions are those of the investment manager, and coverage of any assets held must be taken in context of the constitution of the fund and in no way reflect an investment recommendation. Past performance should not be seen as an indication of future performance. When you invest, you could lose some or all of your investment.

This fund is actively managed. This is a marketing communication. Please refer to the prospectus of the UCITS and the KIID before making any final investment decisions.

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