SOMERSTON ASSET MANAGEMENT

SOMERSTON MULTI ASSET FUND

INVESTMENT LETTER No.32 AS AT 31 MARCH 2025

Portfolio Objectives: To maximise risk adjusted returns through a diversified portfolio across global equities, bonds, commodities and alternative strategies.

Strategy: We adjust asset class exposure tactically and strategically to align with market cycles.

Performance: The Somerston Multi Asset Fund (US1 class) fell by -1.1% in the month and rose by +2.4% over the last three months. Our composite reference index fell by -3.8% in the month and fell by -1.5% over the last three months.

Performance (%) US Class

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017				0.9	2.7	-0.9	0.6	0.6	-0.5	0.6	-1.2	1.9	**4.5**
2018	4.8	-3.7	-1.0	-1.0	0.8	-0.2	0.9	0.3	0.0	-2.3	1.8	-0.4	**-0.2**
2019	1.1	-0.6	2.8	1.3	-1.8	5.6	0.7	0.6	-0.6	2.1	2.8	3.3	**18.5**
2020	-0.3	-5.9	-8.5	6.9	2.4	1.8	7.4	3.1	-2.2	-1.0	5.2	5.2	**13.6**
2021	-0.3	0.8	-0.1	2.3	2.5	-0.2	2.2	0.5	-5.1	5.2	-1.7	3.2	**9.3**
2022	-5.9	-1.1	2.6	-3.5	-1.4	-4.1	4.3	-3.8	-4.9	1.3	3.7	-1.5	**-14.0**
2023	2.5	-4.0	2.9	1.1	-1.3	2.0	2.5	-1.2	-2.5	-0.6	6.3	4.7	**12.6**
2024	0.0	1.2	3.2	-1.9	3.6	0.4	0.8	2.0	1.3	-3.7	0.9	-2.3	**5.4**
2025	3.7	-0.1	-1.1										**2.4**

Total return since inception 57.8%

Top Ten Equity Holdings

Name	% Fund
Meta Platforms Inc	2.9%
Alphabet	2.7%
Synopsys Inc	2.2%
Mastercard Inc	2.2%
Microsoft Corp	2.0%
LVMH	1.9%
Amazon.com Inc	1.8%
EssilorLuxottica SA	1.7%
Novo-Nordisk ADR	1.7%
Visa	1.7%
Total for Top Ten	**20.8%**

Currency Allocation

USD	88.7%
NOK	5.0%
SEK	4.5%
GBP	2.1%
EUR	-0.3%
Total	**100.0%**

Asset Allocation

	Long	Short	Net	
Core Equity	38.7%		38.7%	↓
Indian Equities	2.0%		2.0%	↑
US Equities	0.8%		0.8%	↑
Defensive Equities	8.1%		8.1%	↔
Equity Long Short	2.2%	-7.1%	-5.0%	↓
Equities	**51.8%**	**-7.1%**	**44.7%**	↓
Inflation Linked Bonds	20.2%		20.2%	↑
US Govt 10 yr. Bond	10.1%		10.1%	↓
US Govt Ultra Long Bond	2.5%		2.5%	↔
Bonds	**32.9%**		**32.9%**	↑
Gold Bullion Derivatives	4.4%		4.4%	↓
Silver Bullion Derivatives	0.9%		0.9%	↑
Gold Royalty	4.7%		4.7%	↔
EU Carbon Emissions	2.7%		2.7%	↓
Commodities	**12.7%**		**12.7%**	↑
Volatility and CTA	15.7%		15.7%	↓
Total All Assets	**113.1%**	**-7.1%**	**106.0%**	↓

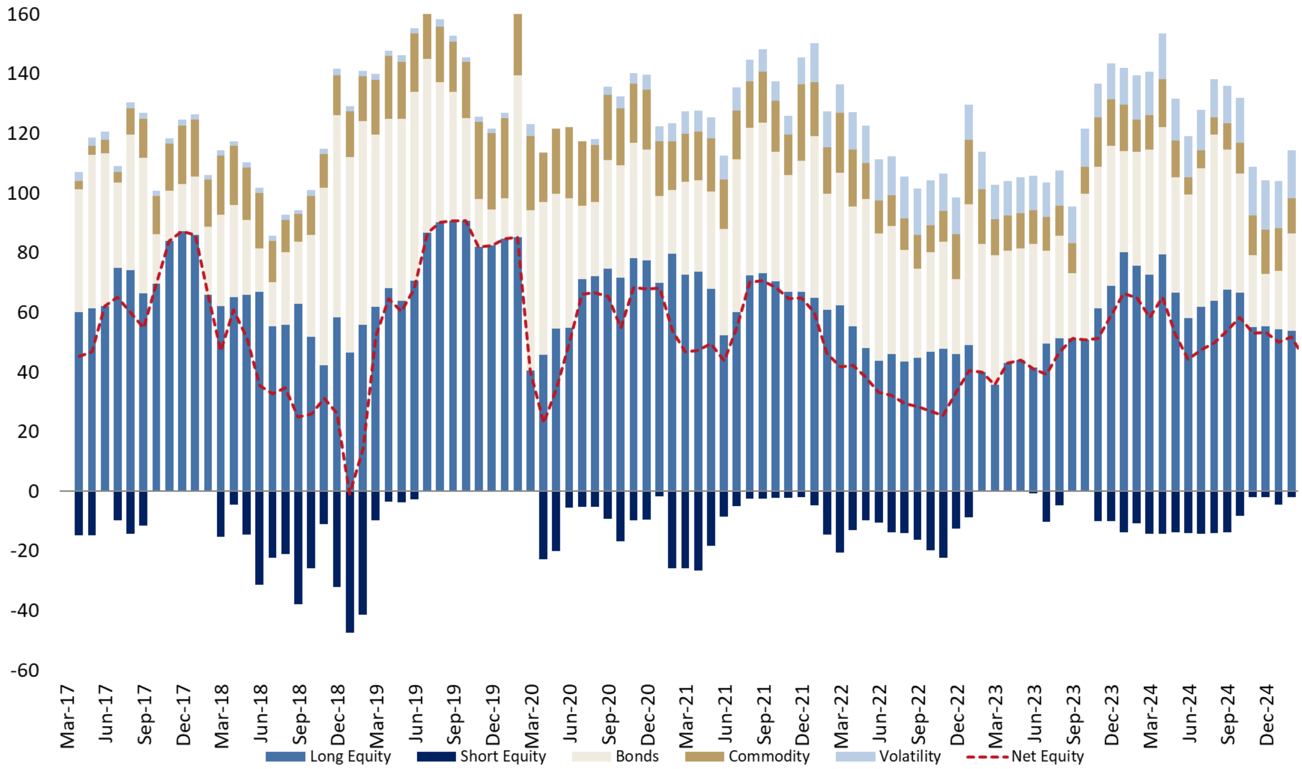
Performance shows the 0 Class until the fee structure was changed in May 2024 when the 1 class has been adopted.

GB Class Performance: The Somerston Multi Asset Fund (GB1 class) fell by -1.0% in the month and rose by +2.6% over the last three months.

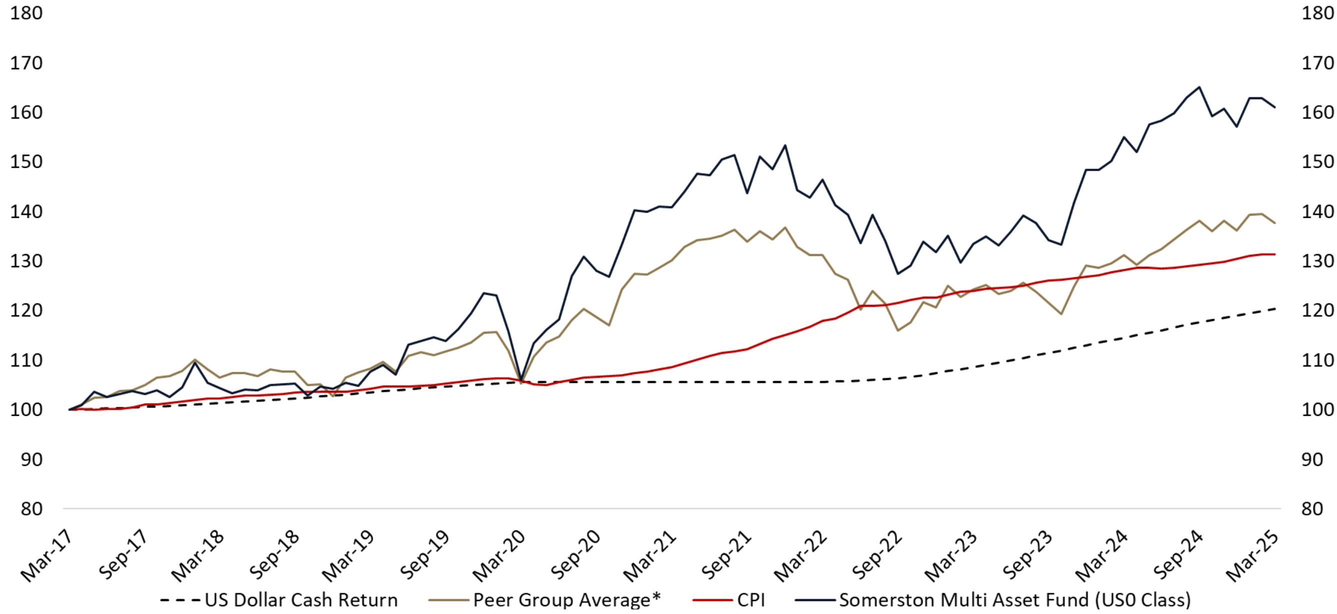
Performance (%) GB Class													
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Year**
2017				0.8	2.6	-1.0	0.5	0.5	-0.7	0.5	-1.3	1.6	**3.5**
2018	4.4	-3.8	-1.1	-1.2	0.6	-0.3	0.8	0.1	-0.1	-2.4	1.6	-0.6	**-2.2**
2019	1.0	-0.8	2.7	1.1	-2.0	5.4	0.5	0.3	-0.7	1.7	2.7	3.2	**16.1**
2020	-0.4	-6.2	-8.5	6.9	2.5	1.8	7.2	3.1	-2.3	-1.0	5.1	5.1	**12.4**
2021	-0.3	0.8	-0.2	2.3	2.4	-0.2	2.2	0.5	-5.2	5.1	-1.7	3.1	**8.8**
2022	-5.9	-1.0	2.6	-3.6	-1.5	-4.3	4.2	-4.1	-5.2	1.3	3.4	-1.6	**-15.2**
2023	2.4	-4.2	2.7	1.0	-1.4	1.9	2.4	-1.2	-2.6	-0.7	6.2	4.6	**11.2**
2024	0.0	1.2	3.2	-2.0	3.6	0.5	0.8	1.8	1.2	-3.8	0.9	-2.4	**4.8**
2025	3.8	-0.1	-1.0										**2.6**

Total return since inception 45.8%

Evolution of Asset Allocation for Somerston Multi Asset Fund



Performance since inception



* combines the top ten largest funds within our peer group with an aggregate AUM of over $100bn

Performance

Your fund delivered a return of +2.4% for the first quarter of 2025. This return is in the context of extremely high volatility and our reference yardstick falling -1.5%.

The 4.1% difference between our performance and our reference point was mainly driven by:

1. Being underweight equities (+0.6%)
2. Being overweight commodities and precious metals (+2.1%)
3. Exposure to Scandinavian currencies (+1.0%)
4. Stock selection (+0.3%)

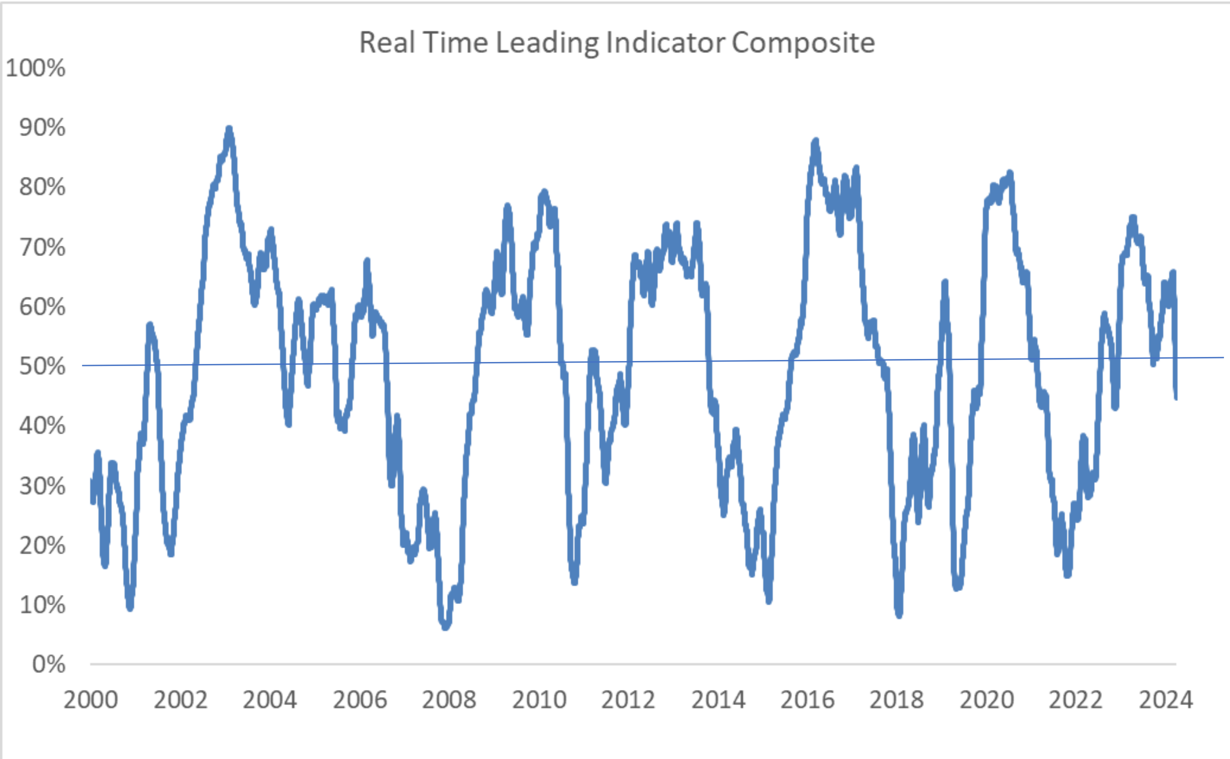
Commentary

It was another month where tariff news weighed on US equities. Trump announced a 25% tariff on cars and car parts entering the US, despite industry experts' warnings that the integration of the North American auto manufacturing sectors makes the definition of an 'American-made' car blurry. The announcement also caused much geopolitical backlash and further soured relations with new Canadian Prime Minister Mark Carney. The latest tariff news highlights that the pace of announcements is not slowing down, and the upcoming so-called 'US Liberation Day' will bring more headlines that may move markets.

The economic risk from the totality of Trump's tariff war is material; if the new US administration proceeds with its proposed tariffs, the combined effects of these policies and likely retaliation from trade partners could push the US economy into recession. Financial markets do not currently reflect this risk, effectively assuming that Trump's threats are a bluff, or said diplomatically, a negotiating tactic. While it seems unlikely that President

Trump would deliberately risk a recession, if one were to occur, it may be politically preferable for it to happen now rather than closer to the end of his term. A downturn could also help the government by bringing interest rates lower, which would ease the refinancing of the substantial short-term debt legacy from the Yellen era. A recession would almost certainly lead to lower bond yields. We remain underweight equities, and we may reduce our exposure further depending on how committed US policymakers are to this course of action.

Our leading growth indicator has now moved decisively below the 50 threshold, historically a key level separating periods of stronger and weaker risk-adjusted returns. Equity drawdowns tend to be deeper and take longer to recover when the indicator is below 50. In contrast, when above 50, market recoveries have generally been quicker. We cannot predict how this indicator will evolve in the coming weeks, but given high valuations and slowing growth, we are cautious.



Despite a modest correction so far this year, valuations remain challenging. Arguably, the valuation of Technology Companies is not the issue, cyclical sectors such as S&P Global Industrials and S&P Global Financials have seen significant valuation (P/E) expansion on the assumption that President Trump would be good for growth. While most public commentary is all about how expensive US equities are, that is not an argument that we subscribe to. We much prefer to look at global sectors to assess the over or under valuation at a sector level – not a country level.

In the case of Industrials and Financials, two sectors that are extremely sensitive to economic conditions, the message is clear. Valuations are close to highs of the last 15 years, as investors appear comparatively unaware or unconcerned by the data suggesting a growth scare is underway.

Many investors and commentators are debating if the 'bottom is in'. The conditions necessary for a durable market bottom have yet to be met and the risk that earnings start being revised lower during a valuation derating could propel this move to be durable than anyone would like.

Strategy

We remain underweight equity. The funds main equity investments are in high quality 'blue chip' companies as discussed in our Core Equity Factsheet alongside low beta defensive stocks. We have implemented a few trades which are long defensive stocks and short cyclical stocks.

In the bond strategy, we own no credit at all. We prefer the safety of inflation linked government issues alongside some longer dated US bonds to protect from a deflationary environment.

In our commodity strategy, the emphasis is gold and precious metal royalty companies. Both are relatively defensive within the commodity context.

We remain 15% allocated to managers that seek to benefit from spikes in volatility.

In summary, as we have been for 18 months, we are defensively positioned. This has served us comparatively well so far. We are very keen to see conditions that allow us to employ a far more constructive investment outlook. These conditions have not yet been met.

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