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Ashburton Global Equity Growth Fund

Quarterly Investment Commentary

Global equity markets returned 14.9% in the second quarter of 2026. Markets wrestled with the uncertainty of the Middle East conflict and very strong corporate earnings. However, ongoing negotiations between the US and Iran improved sentiment and renewed momentum in the Artificial Intelligence (AI) trade led to a sharp rally in global equity markets. The Global Equity Growth Fund returned 24.2% in the second quarter, outperforming both the MSCI All World Index and global equity growth peers.

The largest contributors to performance were Advanced Micro Devices (AMD), Nebius Group and Samsung Electronics. AMD's strong performance was due to the chip makers AI-optimised central processing unit (CPU). It's expected that demand for these CPUs will be robust due to the AI roll out.

Nebius had a positive quarter, reporting strong sales growth as well as a positive outlook. Demand for AI infrastructure is strong, and Nebius is raising prices with demand exceeding capacity. This had led to longer contract durations, increasing contract values and more prepayments, all which bode well for the stock. Due to strong stock performance, we have taken some profit in the counter but remain shareholders.

Samsung Electronics rose a further 100% in the quarter due to continued tight memory supply which is expected to last into 2027 and possibly further. Due to the recent share price action, we have taken some profits, however, continue to hold the position due to the valuation remaining attractive when considering the current demand and supply dynamics of the sector. The prevalence of long-term agreements with customers has also given the sector a positive boost.

The largest detractors from performance were SAP, Wise Group and Alibaba. SAP continues to derate as software stocks are pressured by concerns that AI will disrupt the sector. While we acknowledge the potential for AI-driven disruption, we believe markets are moving ahead of fundamentals, resulting in an indiscriminate sell-off that appears unwarranted.

Wise Group was weaker after a report that the company is under investigation by Belgium regulators over concerns regarding its anti-money laundering (AML) controls. Management have responded by saying that the company is working with the Brussels prosecutor to respond to queries about its business and that requests for information from law enforcement agencies are a normal part of operations. The share price has since recovered.

Alibaba reported gross merchandise value (GMV) up only slightly in 1Q26, confirming weak e-commerce consumption trends in China. Whilst the Chinese consumer continues to be weak, we argue that the attractiveness of Alibaba is in its cloud business which grew 40% in 1Q26. Alibaba is China's largest AI cloud operator; however, we do not believe the value of this division is appropriately reflected in the current share price.

The Fund initiated a new position in the quarter in Rubrik. Rubrik is a top player in a niche area of cybersecurity which had been growing rapidly, and we took advantage of a pullback in the share price to gain exposure to this best-in-class cybersecurity name. Rubrik focuses on cyber resilience as opposed to back up and provides a unique offering for clients in a world where data is growing and there is an increased need to protect it. Rubrik's size also makes it a potential takeover target for larger cybersecurity companies.

Moving forward, the interplay between resilient corporate earnings, evolving geopolitical developments, and signs of persistent inflationary pressures will continue to shape the global investment landscape. While risk appetite has been supported by easing tensions in the Middle East and robust performance in select emerging markets, vulnerabilities remain pronounced in regions such as Europe, where sluggish growth, elevated energy dependence, and political fragmentation present additional headwinds. Against this backdrop, vigilance is warranted as markets navigate an environment defined by both promise and fragility.

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