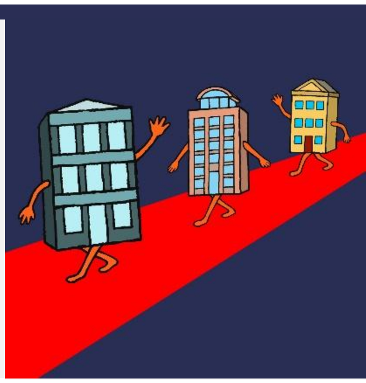
MONTANARO

ASSET MANAGEMENT

The Global Select Strategy

- Montanaro Global Select Fund (Dublin)
- WS Montanaro Global Select Fund (UK)

Quarterly review – Q4 2025



2025: Risk-on year – most asset classes saw gains:

- Equities delivered strong returns (MSCI ACWI +13.9%), led by non-US markets
- Europe was a standout (MSCI Europe ex-UK +26%), driven by Value and Cyclicals
- MSCI World SmallCap posted positive returns but lagged LargeCaps over the year

Quality has underperformed across regions during the year:

- Quality lagged by c.11% in Europe, c.14% in the UK and c.7% in the US over 12 months

Note: All returns are Total Returns in GBP.

The final quarter of 2025 brought some welcome stabilisation to global markets, even as the defining features of the year remained firmly in place. While global equities ended the year higher in absolute terms, performance continued to be shaped by powerful regional and style divergences. Leadership remained concentrated in areas of the market characterised by cyclical exposure, valuation sensitivity and operating leverage, while high-quality, long-duration growth businesses continued to face a challenging backdrop.

For the Global Select Fund, 2025 was a difficult year from a style perspective. Our emphasis on businesses with durable competitive advantages, strong balance sheets and predictable cash-flow profiles stood in contrast to a market environment that repeatedly favoured lower-quality, more economically sensitive exposures. Although volatility moderated into year-end and market breadth improved modestly, investor behaviour for much of the year remained driven by momentum and positioning rather than fundamentals.

That said, beneath the surface, portfolio fundamentals remained resilient. Across the holdings, operational execution has generally been robust, balance sheets remain conservatively structured and long-term growth drivers are intact. Where share prices have weakened, this has typically reflected multiple compression rather than deterioration in underlying business quality. As a result, valuation support across the portfolio has improved meaningfully and the opportunity set for disciplined, long-term investors has become more attractive.

Performance & Portfolio

During the quarter, the NAV of the sterling accumulation share class of the **UK domiciled Fund** declined by 4.6%, an underperformance of 6.8% versus the MSCI World SMidCap Index.

The NAV of the sterling accumulation share class of the **Dublin domiciled Fund** declined by 4.5%, an underperformance of 6.7% versus the same benchmark.

The **strongest contributors** during the quarter were:

- **Sartorius Stedim Biotech** – the provider of equipment and consumables used in the production of biologic drugs continued to deliver strong growth.
- **Games Workshop** – the creator of tabletop miniature games and fantasy products advanced on better-than-expected trading updates, with core revenues growing by over 15 percent despite weaker licensing income in a year without a major video game release.
- **Asahi Intecc** – the global leader in guidewires for minimally invasive surgeries continued to demonstrate strong growth across Europe, China and the US.

The **weakest contributors** during the quarter were:

- **Baltic Classifieds** – the operator of online classified portals in the Baltic region declined amid industry-wide concerns that generative AI could prove disruptive to classifieds business models, alongside a slowdown in vehicle sales in Estonia.

- **Bentley Systems** – the software company specialising in infrastructure engineering underperformed as part of a wider sell-off in software stocks driven by concerns around the perceived impact of AI.
- **Trex** – the US producer of composite decking and outdoor living products weakened after highlighting ongoing softness in the repair and remodel market and likely inventory reductions across the channel.

Engagement & ESG

Sartorius Stedim Biotech – global supplier to the biopharmaceutical industry

We engaged with Sartorius to understand recent trends in reported carbon intensity and progress on its climate strategy. The company explained that while absolute Scope 1 and 2 emissions have declined modestly, intensity metrics increased primarily due to lower revenues and expanded emissions boundary coverage. Sartorius confirmed it is refining its climate targets, working towards SBTi validation and strengthening supplier engagement to address Scope 3 emissions, which represent the majority of its footprint. We will continue to monitor progress as commitments are further developed.

Baltic Classifieds Group – Baltic online classifieds platform operator

We engaged with Baltic Classifieds to clarify aspects of MSCI's assessment relating to data privacy. Management was made aware of potential misalignments in the external analysis and encouraged to engage with MSCI to support accurate representation of company practices. No further action is required at this stage.

Spirax – UK engineering group focused on thermal energy and fluid technologies

We engaged with Spirax to confirm whether the Group is accredited as a UK Living Wage employer and to discuss its approach to wage standards more broadly. Spirax confirmed that all UK employees who have completed their education are paid at or above the Real Living Wage under a formal UK Living Wage policy. While the Group is not seeking external accreditation, it emphasised competitive pay benchmarking, a strong focus on employee well-being and the use of its Supplier Sustainability Code to encourage fair pay practices across its value chain.

Outlook

We are increasingly encouraged by the fundamental backdrop facing the portfolio. Across our holdings, balance sheets are strong, earnings visibility remains high and competitive positioning is intact. Importantly, the valuation adjustment seen over the past year has materially improved prospective returns, with many high-quality businesses now trading at attractive levels for the growth and strong fundamentals on offer.

Markets have been unusually focused on short-term macro sensitivities, operating leverage and valuation catch-up, often at the expense of business quality and earnings durability. History suggests such conditions do not persist indefinitely. Encouragingly, early signs of broadening market leadership are beginning to emerge. For our Global Select strategy, this environment creates opportunities to deploy capital selectively into high-quality businesses at attractive long-term valuations.

We therefore remain disciplined and patient. Our investment process is unchanged: we continue to focus on a concentrated portfolio of exceptional companies with durable growth characteristics, strong cash generation and long-term compounding potential. While market conditions may remain challenging in the near term, we believe the portfolio is well positioned to benefit as fundamentals reassert themselves and quality once again comes back into favour.

George Cooke
January 2026

Montanaro Asset Management Ltd | 53 Threadneedle Street | London EC2R 8AR

T: +44 20 7448 8600 www.montanaro.co.uk