



Manager
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Capital is at risk.
Please read full risk
warning at the end
of this document.

Monthly Commentary: November 2024

Global Innovation

- ▀ Invests in exceptional companies at the forefront of innovation in a broad range of high-growth areas
- ▀ High-conviction portfolio of 25-50 stocks, with at least 50% in smaller companies
- ▀ Team invest in established innovators and emerging winners

Performance

The fund's P class shares were up 0.45% during October. This compares to rises of 2.03% and 3.82% for the MSCI ACWI and NASDAQ indices respectively. The IA Global sector rose 1.33%.

Year to date, the P class shares are up 7.85% versus rises of 15.46%, 20.21% and 10.35% for the MSCI ACWI Index, NASDAQ and IA Global sector respectively.

Main contributors in the month included **MicroStrategy**, **MDA Space** and **Dropsuite**. Main detractors in the month included **IQE**, **Munters**, and **SUSS Microtec**.

Contributors in the month of October were led by **MicroStrategy**, the business intelligence software company with a geared treasury investment strategy in Bitcoin, which gained 45%. Bitcoin is the premier digital asset and earlier in the year the US saw the landmark approval for an array of Bitcoin exchanged traded funds, widely seen as a major step forward to the institutionalisation of the asset, as well as increasing access to the retail investor market. October's Bitcoin strength probably reflected increasing anticipation of a Trump US election win (he had positioned himself aggressively in favour of the asset, espousing ideas including the possible instigation of a strategic US Bitcoin reserve and also possibly removing the sceptical head regulator at the SEC). There is a case for Bitcoin as a next-generation inflation-hedge with advantages over gold in terms of portability and divisibility, and supporters of the asset point to increasing levels of government indebtedness, money printing and currency debasement in a world of increasing geopolitical tension and protectionism. MicroStrategy has used debt to build a treasury of 252,220 Bitcoin at the time of writing, making it the largest corporate owner of the asset globally.

Another recent acquisition for the fund, **MDA Space**, rose 23% in the month. MDA is a Canadian company with a long (over 55 years) history of serving the space economy in robotics, geo-intelligence technology and satellite systems. MDA is the fund's first focussed space play and the stock has benefitted from a consistently growing order book, including a contract to design and deliver Canadarm3, a highly advanced space robotics system, to be used aboard a space station supporting missions to the moon. We believe MDA represents a rare 'pure play' on the space theme for international investors and we believe it has the potential to deliver substantial capital growth over the long-term, serving a global space economy which has been estimated by McKinsey to be worth \$1.8 trillion by 2035.

Dropsuite, a relatively small Australian provider of cloud backup and other services to managed services providers, gained 16% in October as it posted a record quarter with revenue growth of over 30% and positive free cash flows.

The biggest detractor in the month was epitaxial wafer company, **IQE**, down 28%. The company had guided to the lower end of expectations in September in a market that has been slower to

Data Source:
Morningstar,
Canaccord, FTSE
[www.ftserussell.com/
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recover than anticipated. In October the CEO left with immediate effect and the CFO took up the position on an interim basis. The company is now fully focussed on paring costs and asset sales and we are anticipating a new approach to sales execution.

Swedish heating and air treatment solutions company **Munters** declined by 26% on the back of a mixed update that highlighted weaker sales and order intake from customers operating in the battery industry. We have seen many negative updates across the industrial landscape and do not believe there to be a structural issue with the company. German semiconductor manufacturing products company **SUSS MicroTec** fell 20% in October in the wake of poor guidance from Dutch bellwether, ASML, and consequent concerns about the sector's short-term outlook.

Portfolio activity

During the month the fund initiated positions in **Zoom Video Communication**, the video conferencing company, and **Blackline Safety**, a technology company supplying connected safety monitoring devices. The fund trimmed its position in **VusionGroup** and exited **Aviat Networks**.

Risk Warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds. Our funds invest for the long-term and may not be appropriate for investors who plan to take money out within five years. The Fund will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events. The Fund will be exposed to smaller companies which are typically riskier than larger, more established companies. Difficulty in trading may arise, resulting in a negative impact on your investment. Shares in smaller companies may be harder to sell at a desired price and/or in a timely manner, especially in difficult market conditions. The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of your investment. In certain market conditions some assets may be less predictable than usual. This may make it harder to sell at a desired price and/or in a timely manner. In extreme market conditions redemptions in the underlying funds or the Fund itself may be deferred or suspended.

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