James Thomson
Portfolio Manager

Fund	YTD 2025	Q2 2025	1 Year	3 Year	5 Year	10 Year
Starlight Global Growth Fund, Series F	5.0%	3.7%	13.5%	19.8%	9.6%	11.4%

*Source: Starlight Capital, as of June 30, 2025.

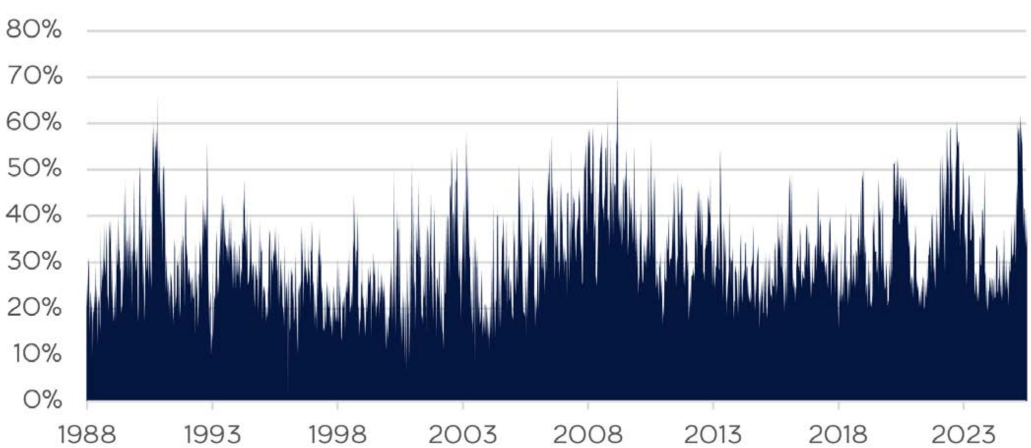
Performance Summary

- Over the second quarter of 2025, Starlight Global Growth Fund, Series F (the Fund) returned 3.7%. Year to date, the Fund returned 5.0%.
- Information Technology, Consumer Discretionary and Communication Services were the top contributors to performance, which was slightly offset by a decline in Financials, Real Estate and Health Care.

When you're in the middle of a stock market correction triggered by some unprecedented and economically destructive events, it's hard to see when the off ramp will come.

The primary cause of the quarter's stock market volatility was the Trump tariffs that were escalating, inflationary, and mutually destructive. Recession odds increased to 50% in April and bearish investor sentiment hit its third highest level of all time. But markets turn when the primary market worry stops getting worse. Note that's not when it starts to get even a little better, just when it's not getting worse. I think that point was on April 8 when President Donald Trump stopped jawboning tariff escalation and showed some sensitivity to interest rates and equity markets.

US INVESTOR BEARISHNESS HIT 3RD HIGHEST LEVEL EVER IN 2025



Source: American Association of Individual Investors; Bearish sentiment 1 Jan 1988 to 30 Jun 2025.

But these points are difficult to identify in the moment, so we've been buying both before and after this inflection point. We've used the turmoil to buy three new holdings this year: **O'Reilly Automotive**, the auto parts supplier, being one of them. The two other additions were a long-standing and broadly diversified industrial business that should benefit from a resurgent industrial capital expenditure cycle, and a technology e-commerce platform that's been the best share-price performer for our Fund (+30%) since we bought it a few months ago. We're still building our positions in the latter two, so we will be updating you more fully once we've finished buying.

Dollar weakness has dented returns substantially for investors so far this year. Will this continue? The honest answer is we don't know. Former US Federal Reserve Chair Alan Greenspan once said that successfully predicting the direction of currencies is like predicting the outcome of a coin toss.

The value of a dollar

Most experts seem to think that dollar weakness is direct response to political policy uncertainty from the US. And, at the margin, some investors are changing their asset allocation — reducing their American holdings in favour of assets elsewhere. But it's also true to say that the US remains the deepest and broadest capital market in the world. And it retains the world's reserve currency.

Many big-money sovereign wealth funds are interested in moving money out of the US… but to where? Are they going to pile into German government bonds? Or European equities? Embracing the Continent's very largest stocks — the only assets with the size and liquidity for these whales to swim in — with a whole pile of problems, like pharma company Novo Nordisk and luxury conglomerate LVMH (down 56% and 38% respectively in the last year). Doesn't sound like a no brainer.

Q2 2025 Top Five Contributors		
Stock	Average Weighting	Contribution to return
NVIDIA CORP	2.8%	1.0%
AMPHENOL CORP-CL A	2.5%	0.9%
ROYAL CARIBBEAN CRUISES LTD	1.4%	0.6%
MICROSOFT CORP	2.4%	0.6%
INTUIT INC	2.1%	0.4%

Q2 2025 Top Five Detractors		
Stock	Average Weighting	Contribution to return
APPLE INC	1.4%	-0.2%
WASTE CONNECTIONS INC	2.1%	-0.2%
O'REILLY AUTOMOTIVE INC	1.3%	-0.2%
ESSILORLUXOTTICA	2.0%	-0.2%
CHUBB LTD	1.5%	-0.2%

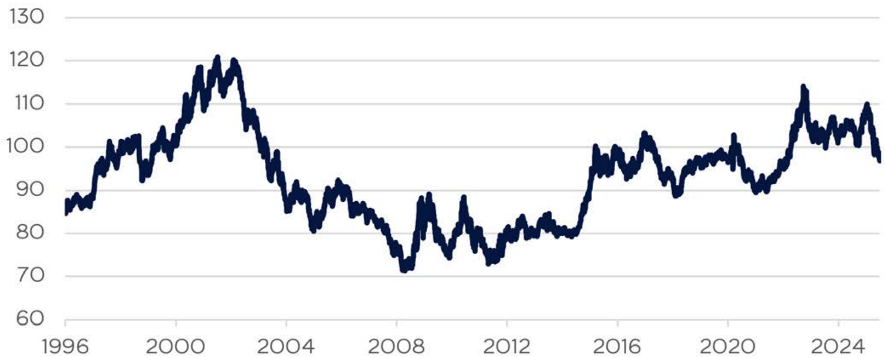
Source: Starlight Capital & Bloomberg Finance L.P. As of June 30, 2025.

Sector	Portfolio Weight %	Top %Q/Q Changes
Information Technology	21.3%	2.8%
Financials	10.1%	-1.2%
Consumer Staples	7.1%	-0.6%
Private Investments	10.2%	-0.5%
Consumer Discretionary	15.9%	-0.5%

Source: Starlight Capital & Bloomberg Finance L.P. As of June 30, 2025. Excludes Cash and Cash Equivalents.

DOLLAR WEAKNESS IS BAD FOR UK INVESTORS, BUT FAR FROM CRISIS

Source: FactSet; DXY US Dollar Index measures dollar against its most important trading partners' currencies, data from 1 Jan 1996 to 30 Jun 2025.



Ignoring the US and all the quality businesses that reside there based on a variable that's so hard to predict is not a strong argument to me.

Many investors are calling the end of US exceptionalism and predicting an enduring pivot to Europe. I have about 25% of my Fund in Europe (including the UK), so there are some great companies. Just not enough. And certainly not enough for the mega funds and big-money investors that would need to act to really move the needle. Europe tends to be dominated by old economy, order-driven, economically sensitive, industrial manufacturing and auto-related companies. They rely on the good will of neighbours and customers like the United States and China.

I don't think this is the end of US exceptionalism, given the extraordinary adaptability and resilience of US businesses. I believe they're stronger than any President. I have approx. 60% of my Fund invested in US equities. I've just bought three new American stocks. My watch list is filled with more. The US remains the home of innovation, adaptability, and repeatable and mission-critical growth, in my opinion. It outperforms on tax, business freedom, lower government spending relative to GDP, greater, employment flexibility and a hunger to innovate. There's higher R&D spending and double the venture capital spending as a percentage of GDP. That's why the US has nine $1 trillion dollar companies and Europe has none.

But my US exposure and my total Fund exposure does differ from the IA Global Sector index. Fund analysts track something called active share, mine is over 80% which implies high active bets and significant differences from any typical global equity index.

But that doesn't mean that I'm not balanced or diversified. In fact, just the opposite. These days many tracker funds have a significant weighting — up to 23% — in the Magnificent Seven, for instance. Mine is below 13%. So I think that's a sensible choice if you're worried that the market has become too concentrated and reliant on one theme.

We also diverge in other areas: we don't own any oil and gas, mining or traditional commodity stocks. We don't own pharmaceutical companies or biotech. We don't own any banks and we don't own any utilities, other than my garbage collection company, which someone decided was a utility.

We're underweight the 30% technology weighting in the IA Global Sector index, but that's because we've found some clever ways to play technology via consumer-facing businesses. For instance, **Walmart** is one of the most technology-enabled retailers in the US, if not the world. More than half of its distribution centres are automated, both for storage and retrieval of inventory. Robotic forklifts controlled by AI and real people can improve output by three times compared to manual retrieval. In store, all the shelves have real time digital pricing (no more paper pricing guns). At Sam's Club, a Walmart sub-brand, you scan every item as you go and then just walk out — no queuing for the checkouts. And no change in shrinkage (inventory theft and loss). When I see an ad on Walmart.com and then go in store a week later to buy that item, they can connect the dots and that drives their 70% EBIT (earnings before interest and tax) margin advertising business.

Technology may not take your job, but someone who really knows how to harness it will.

A good example of this — and the wild markets that we're in at the moment — is chipmaker **Nvidia.** In the first quarter it was one of the worst-performing stocks, down over 20% in the wake of DeepSeek breakthrough. Then up about 70% from the lows.

Nvidia is one of the most compelling investment cases I've seen in my career. This is a new era in the computing cycle that usually comes around every 15 to 20 years. Think of the mainframe era, PC, smartphone and now AI. And in each of these eras it's been 10 times the size of the previous era. In these eras, one vertically integrated company (hardware, software and chips) has captured over 80% of the value. That company in the current era is almost certainly Nvidia. The integration of the ecosystem has created a wall around its dominance and customers know that the greatest risk is underinvestment in AI. Missing out is fatal during big technology shifts.

We've owned Nvidia for over seven years, but I must also recognise that we live in a world of left-field events and that no single holding should dominate the entire portfolio. We need to be nimble and nuanced and not just reflect historic performance — something the tracker funds cannot do. So we've taken profits in our Nvidia position. In fact, we've sold 80% of our shares in the last three years (yet because of the share price rise it remains the largest holding in the Fund). We used the money to buy some other interesting stocks that we think are going to be tomorrow's winners.

Tariffs, TACOs and tomorrow

I think Trump's tariff climbdown has successfully avoided a recession, yet volatility could easily pick up again as we approach the next deadline, if Trump wants to play hardball with China — or, more likely, the EU. A strong stock market emboldens Trump just as it forced him to the off ramp in April.

Markets will remain sensitive to policy uncertainty and few investors are piling into equity markets with such a noisy and disruptive political climate. Yet markets are climbing the wall of worry and appear likely to reach new all-time highs in the coming weeks. Second-order effects, such as temporary inflation spikes and profit warnings, are likely to emerge. But the primary cause was tariffs, where the downside risks are much better understood.

While this isn't really an obvious champagne-popping moment, remember that Trump is quick to quarrel, but even quicker to accept concessions and declare victory. Despite the short-term noise, we are still fully invested and focused on the significant upside we see in our long-term investment opportunities.

Investment Management Team

RATHBONES Starlight Global Growth Fund is sub-advised by Rathbones Asset Management Limited.

James Thomson
Portfolio Manager

Sammy Dow
Portfolio Manager

Investment Management Team

Starlight Capital is an independent Canadian asset management firm with over $1 billion in assets under management. We manage Global and North American diversified private and public equity investments across traditional and alternative asset classes, including real estate, infrastructure and private equity. Our goal is to deliver superior risk-adjusted, total returns to investors through a disciplined investment approach: Focused Business Investing. Starlight Capital is a wholly-owned subsidiary of Starlight Investments. Starlight Investments is a leading global real estate investment and asset management firm with over 375 employees and $30B in AUM. A privately held owner, developer and asset manager of over 70,000 multi-residential suites and over 7 million square feet of commercial property space. Learn more at www.starlightcapital.com and connect with us on LinkedIn at www.linkedin.com/company/starlightcapital/

Invest With Us

For more information on our investment solutions, learn more at starlightcapital.com or speak to our Sales Team.

For more information, please visit StarlightCapital.com

Important disclaimer.

Starlight Capital
1400-3280 Bloor Street West
Toronto, Ontario, Canada M8X 2X3
info@starlightcapital.com
1-833-752-4683
Starlightcapital.com

Starlight CAPITAL Focused Investing