# Claremont Global Fund

# June 2025 Quarter Report

## Performance to 30 June 2025

| | Since inception p.a. | 10 Years p.a. | 7 Years p.a. | 5 Years p.a. | 3 Years p.a. | 1 Year | 6 Months | 3 Months |
|---|---|---|---|---|---|---|---|---|
| Portfolio return (AUD) | 13.2% | 13.0% | 13.8% | 12.4% | 12.9% | 11.7% | -1.1% | 0.9% |
| MSCI AC World Accum Index ex-Aust (AUD) | 12.6% | 11.8% | 12.8% | 14.8% | 19.3% | 18.5% | 3.9% | 6.0% |
| Excess return | 0.6% | 1.2% | 1.1% | -2.5% | -6.4% | -6.7% | -5.0% | -5.1% |

Benchmark is MSCI All Countries World Index Ex-Australia (AS). Performance is net of investment management fees. Inception date is 18th February 2014. Numbers may not sum due to rounding. Returns assume reinvestment of distributions and are annualised for periods greater than 1 year. Past performance should not be taken as an indication of future performance. All data is at 30 June 2025 unless otherwise stated.

## Market commentary

In what has been a volatile first half of the year, global equity markets rebounded following the "Liberation Day" selloff in early April. Momentum had certainly returned to the market by June, with the MSCI ACWI Index (ex-Australia) ending the June quarter up 6.0% (all figures are in AUD unless noted otherwise). The Australian equity market was robust, outperforming the global market, rising more than 9%.

US equity markets rose 5.8% in the quarter (11.2% in local currency), as the Australian Dollar appreciated over 5% against the USD. This was ultimately driven by the suspension of the US tariffs announced at the beginning of April, with President Trump providing an extended deadline for countries to arrive at a deal with the US. The more positive sentiment in markets was helped by company earnings, which remained resilient as businesses walked investors through various mitigation strategies to help offset the potentially higher costs associated with the import (and reciprocal) tariffs. The resiliency was underpinned by solid economic data in addition to the potential for more stimulus measures through President Trump's "big, beautiful bill." The legislation, which is focused on extending the 2017 tax cuts, bolstering defence spending, and cuts to Medicaid, was passed by the House of Representatives in June.

European equity markets also saw strong gains in the June quarter, appreciating 5.9% (up 3.0% in local currency). This strength was led by industrials, in particular defence stocks, as NATO countries committed to increased defence spending. The European Central Bank (ECB) implemented two 25 basis point cuts to interest rates, and with Eurozone inflation trending down to under 2% in May, the ECB signalled they are coming to the end of their rate-cutting cycle.

While markets were robust, sectors were bifurcated, with Information Technology a key contributor (+17.2%), recovering after the sell-off earlier this year. Healthcare (-8.4%) was a laggard as the new administration spoke openly about their intentions to lower drug prices in the US, pressuring the broader sector.

## Portfolio performance

The Claremont Global Fund appreciated 0.9% during the quarter, underperforming the broader market by 5.1%, which saw a 6.0% increase (numbers may not add due to rounding).

Key contributors to performance for the quarter were **Microsoft** and **Amazon**:

- **Microsoft (MSFT-US)** – The company delivered a strong 3Q25 result, with constant currency revenue growth of +15%, over 100 bps margin expansion and 18% EPS growth. The company saw broad-based strength across all segments. Notably, within the Intelligent Cloud segment, the closely watched Azure business (cloud computing), grew revenue an impressive 35% in constant currency. Management spoke to accelerating demand, which remains above supply. Their fourth quarter guidance, for another quarter of +15% constant currency revenue growth, was also above market expectations. Importantly, accelerating capital expenditure continues to generate healthy revenue growth. Capital expenditure is expected to increase again in FY26, albeit at a slower pace. Microsoft's results helped the share price rally over 32% in the quarter (in USD). The business remains a large holding in the portfolio.

## Fund details

| | |
|---|---|
| Strategy FUM | $1.4Bn |
| ASX Ticker | CGUN |
| Number of Stocks | Up to 15 |
| Maximum Single Stock Weighting | 10% |
| Maximum Cash Weighting | 10% |
| Minimum Investment[1] | $20,000 |
| Investment Management Fee | 1.25% |
| Performance Fee | Zero |
| APIR Code | ETL0390AU |

[1] Does not apply to investments made via the ASX.

## Top five holdings as at 30 June 2025

| Top five | Region | Sector |
|---|---|---|
| Amazon | US | Consumer |
| CME Group | US | Financial Services |
| Jack Henry | US | Financial Services |
| Microsoft | US | Information Technology |
| Visa | US | Financial Services |

Please note the top five holdings of the portfolio are in alphabetical order.

## Portfolio characteristics – 7 years to Jun 2025

| | |
|---|---|
| Standard deviation | 13.2% |
| Realised beta | 1.05 |
| Tracking error | 6.1% |
| Upside capture ratio | 1.11 |
| Downside capture ratio | 1.01 |

## Composition of portfolio performance

| | Since inception p.a. | 10 Years p.a. | 7 Years p.a. | 5 Years p.a. | 3 Years p.a. | 1 Year | 6 Months | 3 Months |
|---|---|---|---|---|---|---|---|---|
| Local currency return | 11.1% | 11.9% | 12.1% | 11.2% | 11.0% | 9.0% | 3.5% | 5.1% |
| Currency impact | 2.1% | 1.1% | 1.7% | 1.2% | 1.9% | 2.7% | -4.6% | -4.3% |
| Portfolio return (AUD) | 13.2% | 13.0% | 13.8% | 12.4% | 12.9% | 11.7% | -1.1% | 0.9% |

Performance is net of investment management fees. Inception date is 18th February 2014. Numbers may not sum due to rounding. Returns assume reinvestment of distributions and are annualised for periods greater than 1 year. Past performance should not be taken as an indication of future performance. Composition of portfolio performance provides an estimate of the currency contribution to portfolio returns, and derives an indicative local currency return, for each period. The currency contribution estimate reflects the Fund's weighted currency exposure (based upon the currency in which each portfolio security is traded) and the change in the relevant foreign exchange rates, relative to the Australian Dollar, over each period.

## Portfolio performance (cont'd)

- **Amazon (AMZN-US)** – Amazon reported 1Q25 results of +10% constant currency revenue growth, 20% operating income growth and 62% EPS growth (EPS growth benefited from a pre-tax gain on investment). The AWS segment (cloud computing) was a standout, delivering +17% constant currency revenue growth, with an operating income margin just below 40%. At the group level, the margin story continues, with operating margins rising over 100 basis points, and excluding one-offs, the retail business would have delivered its ninth quarter of consecutive margin expansion, a key part of our investment thesis. Tariff concerns weighed on Amazon's stock during the quarter, and we took the opportunity to increase the portfolio's position. This pressure had eased by quarter end, with the share price recovering strongly off the April lows.

Key detractors to performance for the quarter were **Zoetis** and **Dassault**:

- **Zoetis (ZTS-US)** – the company continues to deliver broadly in line with expectations, however, the market's focus remains on their Librela product, an injectable used to manage osteoarthritis pain in dogs. Quarterly revenue growth for the product of +15% came in at the bottom of their 15% to +25% guide. While management acknowledge that adoption has been slower than anticipated, weighed down by some unfavourable media coverage, the opportunity remains large, with 27 million medicalised dogs in the US having osteoarthritis and only nine million being treated, and within that only one million being treated with Librela (the rest with anti-inflammatories).

- **Dassault Systemes (DSY-FR)** – the company hosted their Capital Markets Day in June and provided incremental information on the businesses' AI strategy. Dassault displayed use cases for their Virtual Companion product, which customers can leverage across regulatory and compliance applications, while also demonstrating some of their Virtual Twin tools, which will help drive adoption of their 3DEXPERIENCE platform. As expected, management took the opportunity to push out their mid-term earnings target by one year to 2029. This was the result of a challenging and disruptive 2024 across many of Dassault Systemes' end-markets (including automotive, aerospace, and life sciences). While the recent period has been volatile, the company has maintained its key competitive advantages including their position as a trusted advisor for large OEMs and pharmaceutical companies across the globe, and a platform (rather than product based) strategy.

## Portfolio removals

There were no removals from the portfolio in the quarter.

## Portfolio additions

There were no additions to the portfolio in the quarter.

## Fund details

| | |
|---|---|
| ARSN | 166 708 792 |
| ISIN | AU60ETL03901 |
| Responsible Entity | Equity Trustees |
| Administrator | Apex |
| Market Maker | Nine Mile |
| Custodian | JP Morgan |
| Currency Exposure | Unhedged |
| Fund Inception | 18th February 2014 |
| Buy/Sell Spread | 0.10% / 0.10% |

## Contribution to portfolio return – Quarter June 2025 (%)

| Top Three | % |
|---|---|
| Microsoft | 2.01 |
| Amazon | 0.94 |
| Idexx | 0.88 |
| **Bottom Three** | **%** |
| Zoetis | -0.82 |
| Dassault | -0.69 |
| Jack Henry | -0.59 |

## Securities movements for the quarter

| | |
|---|---|
| Bought in | - |
| Sold out | - |
| Increased holding | Allegion, Amazon |
| Decreased holding | CME, Visa |

For fund investor use only. The views expressed herein are part of a wider portfolio investment strategy and should not be considered in isolation. All figures displayed in AUD.

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| Strategy Inception | Companies Held | Strategy FUM | 7-year total return per annum (net) | 7-year alpha per annum (net) |
|---|---|---|---|---|
| 2011 | 15 | $1.4Bn | 13.8% | 1.1% |

*Past performance is not a reliable indicator of future performance. Returns assume reinvestment of distributions and is net of fees.*

## About Claremont Global

Claremont Global is a boutique fund manager located in Sydney, Australia. We run a high-conviction, fundamental strategy and only invest in international equities. Our evidence based and rigorous bottom- up approach allows us to identify the world's best companies. If these businesses satisfy our specific criteria and strict valuation methodology the team will consider investing in them for the long term.

## Our Philosophy

Our investment philosophy can be described as buying quality growth businesses at a reasonable price. We look to acquire these securities at a discount to our estimate of their intrinsic value. We explicitly exclude more cyclical or leveraged industries including banks and resources. We invest in companies whose earnings growth drives intrinsic value, whilst their inherent quality (high margins, strong balance sheets and cash flow) will help to protect client capital in difficult markets.

INVEST ONLINE

Recommended Lonsec

Zenith RECOMMENDED

Signatory of:

PRI Principles for Responsible Investment

riaa Responsible Investment Association Australasia

## Important information