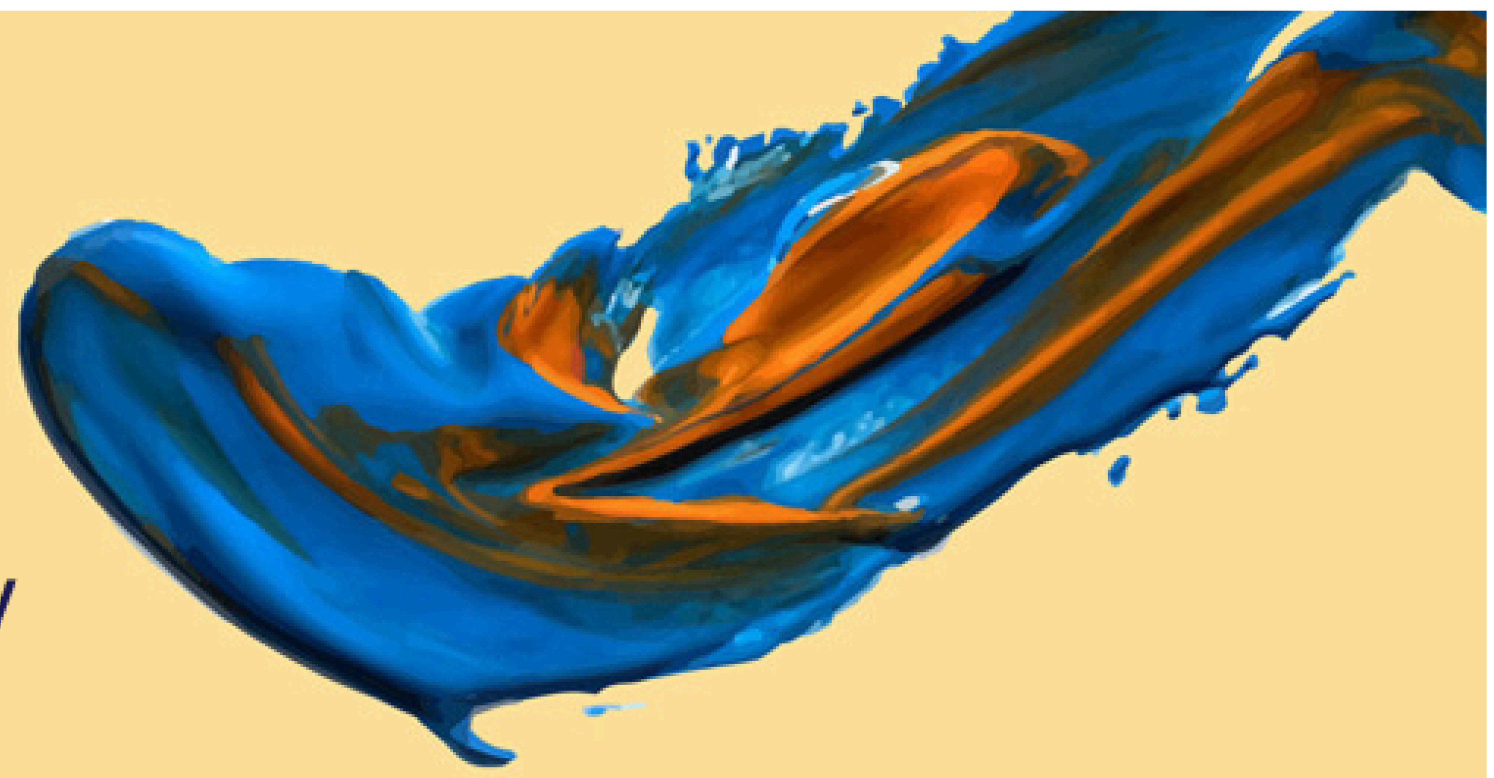
curate
THE ART OF INVESTING

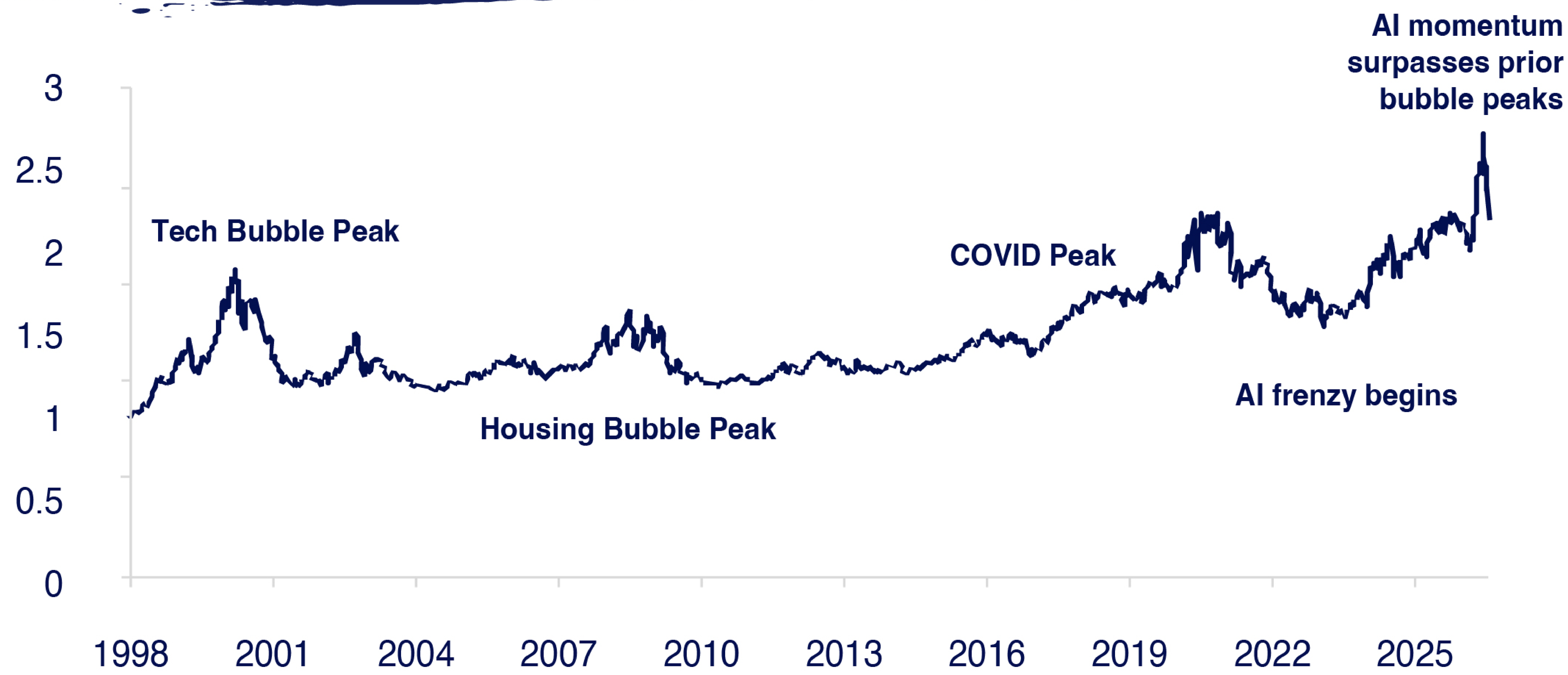


Looking beyond the AI frenzy

Markets have been increasingly driven by a narrow group of AI-linked winners, leaving many fundamentally strong quality businesses overlooked.

According to Evenlode, the investment manager of the Curate Global Quality Equity Fund, the recent reversal in momentum shares is a timely reminder that when sentiment shifts, investors may once again turn their attention to companies with resilient earnings, free cash flow growth and long-term compounding potential.

MSCI US Momentum Index vs S&P 500 equal weight



Source of chart: FE Fund Info, MSCI US Momentum Index, S&P 500 equal weight

Date applicable:1998-2025

Summary of Chart

The chart shows that US momentum stocks (US shares that have delivered the strongest recent performance) have reached an unusually elevated level relative to the broader equal-weighted market, surpassing peaks seen during the tech, housing and COVID-era cycles. The sharp reversal at the end of July is consistent with the early stages of a crowded positioning unwind, similar to that seen in 2021, when the market leaders broadened beyond a small group of top-performing shares.

How does this link to the positioning of the fund?

During periods of intense market enthusiasm, quality investing can temporarily fall out of favour. Companies in the Curate Global Quality Equity Fund have continued to deliver strong growth in earnings and free cash flow, even as their valuations declined as money flowed into perceived 'AI winners'. Reversals create opportunities for fundamentally strong businesses that have been overlooked to regain investor attention.

Why is this relevant?

01 ▶ Investor money became heavily concentrated in artificial intelligence, digital infrastructure and other fast-growing themes, causing the best-performing shares to become increasingly dominant.

02 ▶ The sharp sell-off of momentum shares at the end of July highlighted how quickly crowded trades can unwind when the investor sentiment changes.

03 ▶ Quality businesses with durable cash flows, strong balance sheets, and disciplined capital allocations offer a steady source of long-term returns through cycles. Many of these companies are currently trading on an attractive free cash flow valuation compared to both their history and the broader market.

Curate Global Quality Equity Fund

Managed by **Evenlode Investment**

Overview of the Curate Global Quality Equity Fund

This specialist portfolio invests only in high-quality companies in global stocks in developed markets. Its performance can be variable in the short term, but it has the potential for high returns over longer periods.

For more information, visit our website here.