Melville Douglas
Quarterly Commentary
Global Equity Fund

/ Q3 2025

Opportunity Driven, Risk Aware:
Staying the Course in Uncertain Times

The Melville Douglas Global Equity fund benefited from the broad upswing in global equity markets during the quarter, though its performance modestly trailed that of the MSCI All Country World Index.

We had increased our exposure to AI related stocks earlier in the year and that paid dividends over the quarter. The fund was able to capture the AI enthusiasm through our existing holdings in interconnect provider Amphenol, chip designer Nvidia and dominant chip manufacturer TSMC. Recently added positions in Broadcom known for its application-specific chip designs, and Apple which serves as a gateway to AI apps proved advantageous, contributing meaningfully to returns. Resolution for fund holding, Alphabet on its long-standing antitrust investigation removed a significant overhang from the stock and drove a sharp rebound in the share price. While Google will now be required to share online search data with competitors, it retains ownership of Chrome and can continue its agreement with Apple for default search placement.

Given the funds regional exposure, it was able to capture the strong gains in China over the quarter. There has been a rebound in Chinese export activity and domestic consumption in the region, despite ongoing concerns about the property sector.

Areas of underperformance during the quarter were largely stock-specific. In financials, Fiserv continued to decline amid slowing growth in its Clover payments business. Within industrials, Wolters Kluwer faced pressure due to investor concerns around potential AI-driven competition. In healthcare, Elevance's share price fell following a downward revision to its 2025 earnings guidance, reflecting rising medical cost trends. More recently, we've seen a notable uptick in investor sentiment within the managed care space, which has seen the Elevance share price recover of its lows.

As we head into year-end, the question remains: can this rally sustain its momentum, or will sentiment shift with the changing seasons. Given the current exuberance in markets, many observers have drawn comparisons to the late-1990s tech boom. While capex-to-sales ratios of the tech hyperscalers are once again approaching all-time highs, today's valuations are underpinned by stronger corporate profitability and healthier balance sheets.

With the Q3 earnings season approaching, we are closely watching company results for signals on the durability of the current market rally. Last quarter's strong earnings helped sustain positive sentiment, but we remain mindful of the potential for volatility.

In an environment defined by rapid innovation and shifting macro dynamics, our focus remains on staying agile and responsive. Success in this market isn't just about anticipating what's next, it's about positioning portfolios to adapt as the landscape evolves. Whether this earnings season delivers another leg higher or prompts a reassessment of valuations, we believe flexibility and discipline will be key. As always, we're maintaining a balanced approach to navigate both opportunity and risk.

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