

TheZONE

Autumn 2025



IT PAYS TO STAY INVESTED

**Despite nervousness about imminent falls,
history tells us it can pay to stay invested**

Contents

It pays to stay invested when markets hit highs	2
Parents invest more than a billion in Junior ISAs	6
The next phase in AI	9
Stock Spotlights	14
Portfolio Update	17

Alliance Witan: Diversified, High-Conviction

Research shows that active equity managers add most value through a small number of their highest-conviction positions.¹ Yet, the performance of concentrated portfolios can also be highly volatile.

The Alliance Witan portfolio mitigates this risk by blending together the best ideas of 11 best-in-class² stock pickers, each with different, complementary styles. We believe our diversified, high-conviction, global equity strategy should deliver more consistent outperformance and lower volatility than a strategy run by a single manager. Returns from single-manager strategies are often prone to sharp up and down moves; we aim to provide investors with a smoother ride.

1. Sebastian & Attaluri, Conviction in Equity Investing, The Journal of Portfolio Management, Summer 2014.

2. As rated by Willis Towers Watson.

It pays to stay invested when markets hit highs

It feels great when markets are barreling through all-time highs and carrying our investments along with them. But it can make us a bit nervous about imminent falls too. There's some investor psychology that reasons why this is the case. When a trend has gone on for a while, we tend to extrapolate that it must end soon even if there's nothing particularly fundamental that dictates it will.

As a result, it can encourage us to take money out of our investments and leave it on the sidelines waiting for a correction to put it back in. Though on the surface this strategy appears to rationally account for downside risks, if history is to be believed it is actually very damaging to long-term wealth creation. Staying invested it seems is far more lucrative.

The US powers on

What is it about US markets that just won't quit. Between 1st January and 28th September this year the S&P 500 soared, notching-up 28 all-time highs¹. Granted there was the torrid turbulence of April's tariff tantrums in-between, as investors mulled the economic inefficiencies and risks to inflation that they could stoke. Yet investors quickly shrugged off these concerns and resumed their excitement over AI's grand promises and belief in continuing US exceptionalism.

It's difficult to challenge the underlying reasons for why the US economy and its companies are so attractive: sector-dominant businesses, energy self-sufficiency, a well-educated workforce, company-friendly policies, deep capital markets, and best-in-class technology including in AI which has the potential to transform corporate productivity in leaps we haven't seen in decades.

1 <https://edition.cnn.com/2025/09/28/business/us-stocks-record-highs-american-households#> (accessed October 2025)

The expensiveness of markets has provided some cause for concern, with investors questioning if earnings can continue justifying topy valuations. Yet in September the Federal Reserve stepped in and gave markets another jolt upwards with a quarter-point interest rate cut, citing concerns over the softening jobs market. Further cuts are expected this year which may power markets higher still.

That said, it appears tariffs haven't fully impacted consumer prices yet - the growth of which remains above the Fed's 2% target² - and if inflation persists, rate cuts may be paused. What's more, if the labour market continues deteriorating, earnings could be affected, posing a risk to markets priced at valuations above historical averages.

It leaves markets delicately balanced between the pulls of bulls and the bears. This may tempt investors to consider withdrawing from their investments, pausing to see if downside risks materialise. In reality, while all-time highs may feel like a precarious position, the long-run data shows that we're better in than out.

What the data tells us

First, more broadly, Barclays examined the S&P 500 between January 2000 and March last year and demonstrated that there was little difference across one, three, and five year returns between an investment made when the market was at an all-time high versus one made on any random day when it wasn't³.

The Schrodgers research team drill down further, examining large-cap US companies over a nearly 100-year timeframe, or more precisely the 1,187 months from January 1926 onwards. Out of these, the market hit all-time highs in 363 of the months, or nearly a third of the time at 31%. On average, the 12-month returns that followed an all-time high were 10.4% versus 8.8% for the months that didn't hit highs.

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Markets have been left delicately balanced between the bulls and the bears. This may tempt investors to consider withdrawing from their investments.

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2 <https://www.investing.com/economic-calendar/cpi-733> (accessed 1 October 2025)
3 <https://privatebank.barclays.com/insights/market-perspectives-april-2024-04-2024/fear-of-heights-investing-at-all-time-highs/> (accessed 1 October 2025)

Interestingly, they model that if you had invested \$100 in this index in January 1926 your investment would have been worth \$103,294 by the end of 2024, yet, if an investor had been spooked by the all-time high and gone into cash for the following month, before going back into the market when it wasn't at a high, then the investment would have been worth \$9,922. In short, sitting on the sidelines would've cost an investor a whopping 90% haircut to their long-term returns⁴.

In reality, over the long term what matters most to stock returns is earnings growth, meaning the best strategy for investors is likely time in the market not timing the market.

Gung-ho is not the strategy either

While remaining invested is likely the best approach for our long-term returns, responsible management of portfolios must consider diversification of the the wider investment risks posed to investors to limit any potential downside too.

Alliance Witan stock picker GQG uses data to demonstrate why limiting downside loses is so important. They looked at the performance of the S&P 500 from the end of 1987 through to August 2024 and analysed the value of a \$10k investment with varying degrees of downside capture – in other words, when markets fell, how much the investment fell relative to the benchmark (see chart below).

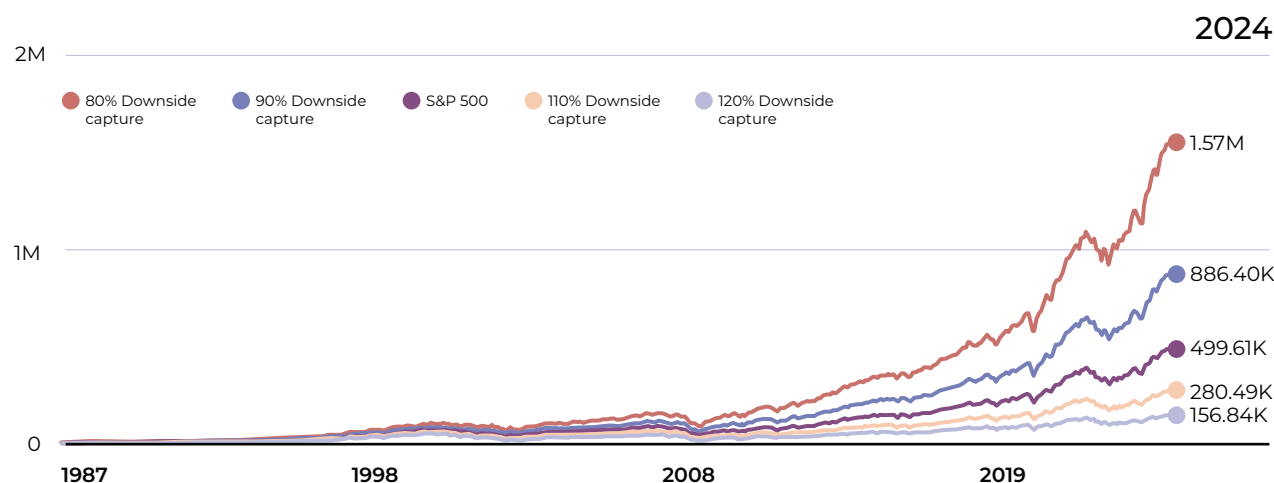
If the downside capture ratio was 120% i.e. the investment lost 20% more than the benchmark, then the investment at the end of the period was worth around \$157k. If the ratio was 80% i.e. the investment lost 20% less than the benchmark, it was worth ten times more at \$1.57m.

These remarkable differences are generated by the extraordinary power of compounding over time, and explains why Alliance Witan aims to diversify the portfolio beyond simply the stock or sector level but across geographies and styles too.

The Importance of Downside Risk Management

Capturing less downside allows your portfolio to compound faster.

Past performance may not be indicative of future results.



Source: GQG, S&P 500 data from 31 December 1987 through 31 August 2024. The downside capture ratio measures an investment strategy's performance in down markets relative to a benchmark index. A downside capture ratio of 80% means that the portfolio's decline was only 80% as much as the index's decline. You cannot invest directly in an index.

⁴ <https://www.schroders.com/en/global/individual/insights/scared-of-investing-when-the-stock-market-is-at-an-all-time-high-you-shouldn-t-be/> (accessed 1 October 2025)

Balancing approaches

From here, there are plenty of reasons to be bullish on markets: earnings remain strong, interest rates may fall further and the AI theme has the potential for wide-ranging impacts on business productivity and ultimately growth. Yet, there are downside risks too: the jobs market seems to be softening, valuations are high, tariffs remain a threat, and geopolitical concerns and the fragmentation of the global order pose a risk to stability. As such, while remaining invested most likely remains the best strategy for building our long-term wealth, diversification is as important as ever.



Parents invest more than a billion pounds in investment Junior ISAs

In this article, award winning personal finance journalist and mother of two, Faith Archer, describes her personal experience of investing for her children.

Parents have poured more than a billion pounds into Junior Individual Savings Accounts (JISAs) for the first time, with almost two thirds of contributions now going into stocks and shares rather than cash.

Junior ISAs in general are proving increasingly popular, with around 1.37 million Junior ISAs subscribed to in 2023/24, up from 1.25 million in 2022/23, according to the statistics from HM Revenue & Customs¹.

A financial helping hand

As a mother-of-two and a personal finance journalist, I also use Junior ISAs to invest for my children's financial future. I am concerned that Finn, aged 17, and 15-year-old George, will need more of a helping hand than I ever did as they embark on adult life. Average student loan debt in England tipped over £53,000 for those who finished their courses in 2024². Meanwhile the median average home in England last year, at £290,000, cost 7.7 times the median average annual earnings of a full-time employee, at £37,600, according to the Office for National Statistics³.

Graduates can therefore struggle to afford a home of their own, partly due to rocketing house prices and partly because they have to repay 9% of any income over £25,000 a year towards their student loans.

1 <https://www.gov.uk/government/statistics/annual-savings-statistics-2025/commentary-for-annual-savings-statistics-september-2025> (accessed 3 October 2025)

2 <https://commonslibrary.parliament.uk/research-briefings/sn01079/> (accessed 3 October 2025)

3 <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2024> (accessed 3 October 2025)



Benefits of Junior ISAs

Junior ISAs provide a particularly tax-efficient way to set aside money for your offspring. You can contribute up to £9,000 in cash or investments every tax year until the child reaches the age of 18. As with any other ISA, the money then grows free from income tax, capital gains tax and dividend tax. However, with a Junior ISA, the money is locked away until the child turns 18. It then belongs to the child, so be wary that they could make their own decisions about how to spend it.

One disadvantage of using an ordinary savings account, as opposed to a Junior ISA, is that if a child earns more than £100 a tax year in interest on money given by a parent, the interest will be taxed as if it was earned by the parent. For higher rate and additional rate taxpayers, that can involve waving goodbye to a chunk of interest.

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Parents, family and friends can all contribute to Junior ISAs on a child's behalf
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Adding to Junior ISAs

Parents, family and friends can all contribute to Junior ISAs on a child's behalf. Personally, I started by diverting the Child Benefit for my first child into what was then a Child Trust Fund, back in the days before either the High Income Child Benefit Charge or Junior ISAs even existed.

Meanwhile if grandparents want to give money to grandchildren, contributing to a Junior ISA brings the peace of mind that the funds will definitely end up with the intended recipient, without being diverted elsewhere.

Adding to a Junior ISA could even form part of inheritance tax (IHT) planning. Each grandparent can give up to £3,000 a year, knowing it won't be counted for IHT purposes, or up to £250 to as many people as they want. Gifts out of income, as long as the gifts don't affect their usual standard of living, are also IHT free, which could suit a regular direct debit.

Benefits of investing

With a timeframe of up to 18 years with a Junior ISA, it makes sense to consider the higher risks and potentially higher returns of investing, rather than sticking with cash.

I hadn't invested in anything beyond a pension before opening what is now a Junior ISA for my oldest. However, I recognised the dangers of holding money in cash for as long as 18 years, while inflation erodes both the returns and the eventual spending power.

Instead, I reckoned that over almost two decades, there was plenty of time to ride out the highs and lows of the stock market. While money invested in the stock market can go down as well as up, historically, over the long term, investing has protected saving from inflation a lot more efficiently than cash.

In fact, using data going back to 1996, the Association of Investment Companies (AIC) found that the average investment trust outperformed savings accounts in 95% of five-year periods and 100% of ten-year periods⁴.

4 <https://www.theaic.co.uk/aic/news/press-releases/investment-trusts-beat-cash-over-100-of-ten-year-periods-during-last-30#> (accessed 3 October 2025)

Using a globally diversified portfolio such as Alliance Witan, which seeks to spread the risks of stock market investing across different markets and styles, is one potential approach.

When opting for investment trusts for my own children, I appreciated that investment trusts are allowed to borrow to invest, known as 'gearing'. Gearing can provide a powerful boost to returns when markets are rising, although it will magnify short-term losses if markets drop.

Fortunately even small investments, when made regularly, can add up to make a big difference. For example, you might invest £100 a month into a global equity investment trust starting from when your 11-year-old starts secondary school. Assuming the investment trust grows by 7% a year after fees, it would be worth £10,874 by the time they turn 18, according to calculations by AJ Bell⁵. If you started saving the same £100 a month from your child's fifth birthday, their Junior Isa would be worth £25,175 by their 18th birthday.

Using Junior ISAs for university costs

Now that my oldest is about to turn 18, it has focused my mind on how to help towards imminent university costs. Student loans only go so far. For English students studying in England, loans of up to £9,535 a year are available for tuition fees, but minimum maintenance loans for living costs are typically only £6,853 a year for students living away from home in London, £4,915 when living away from home elsewhere and £3,907 when living at home⁶.

Anything extra is means-tested. The maximum maintenance loans are respectively £13,762, £10,544 and £8,877 a year, but they start shrinking once family income tops £25,000 a year. Once family income hits around £60,000 to £70,000 year, according to Save The Student⁷, loans are stripped back to the minimum.

My husband and I recognise that we will need to top up our children's loans, not least because even if they could borrow the maximum, it might not be enough to cover the rent in many university towns, let alone little extras like food. The average shortfall between maintenance loans and student living costs is more than £500 a month, according to the National Student Money Survey by Save The Student⁸.

Depending on family finances, that can be quite a lot for parents to set aside out of taxed income, if you haven't set anything aside beforehand. I'm keen to encourage my children to help support themselves with part-time work, but not to the extent that it derails their studies.

Over the last couple of years, my husband and I have therefore chosen to fully fund our children's Junior ISAs, so that money is earmarked for them and protected from tax until needed.

5 <https://www.ajbell.co.uk/news/paying-university-how-parents-are-taking-action-minimise-debt-pressure-their-children> (accessed 3 October 2025)

6 <https://www.gov.uk/government/publications/tuition-fees-and-student-support-2025-to-2026-academic-year/support-with-living-costs-2025-to-2026-academic-year> (accessed 3 October 2025)

7 <https://www.savethestudent.org/student-finance/maintenance-loans.html> (accessed 3 October 2025)

8 <https://www.savethestudent.org/money/surveys/student-money-survey-2025-results.html#finance> (accessed 3 October 2025)

The next phase of AI comes with plenty of opportunity, but risks too



What a comeback story the information technology sector has performed this year. Following news of DeepSeek's AI breakthrough it started off gloomy indeed, with investors panicking that cheaper, more efficient AI models would stifle demand for high-end computer hardware and prove folly the vast capex already spent. It's why the Nasdaq's first quarter was its worst in three years¹.

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The negativity intensified in April as Trump announced his 'Liberation Day' tariffs and China retaliated with counter tariffs, leading to fears of a full-blown trade war, disruption in technology supply chains and dented profits, with bearish sentiment hitting mega-cap and semiconductor stocks in particular.

Yet, the anxiety was short lived. As deals were struck, tariff escalation avoided and earnings grew, investors seemed to get back to optimistically mulling over AI. As stock prices have reenergised and valuations continued to soar, it's left some investors, including Alliance Witan stock picker GQG, pondering whether markets are echoing the dotcom era and in bubble territory.

But as Alliance Witan stock picker Jennison notes, it's worth considering the transformational potential of AI. Its take-up has been rapid across firms, and with agentic AI soon to arrive – more autonomous AI systems – corporate profits may soon begin to deliver meaningfully on the nascent technology's lofty promises.

¹ https://www.man.com/insights/views-from-the-floor-2025-July-15?pcid=C000103529&utm_source=miauto&utm_medium=email&utm_campaign=vft (accessed 3 October 2025)

Looking at past investment cycles, stockpicker GQG has observed that periods of sky-high valuations and market concentration often precede significant market downturns.

Could we be in a bubble?

In the second quarter of this year, tech stocks outperformed all other sectors, with the Nasdaq returning 21.95%¹.

It's meant that AI-related companies now represent approximately 45% of the total US market cap, or 60% when private market valuations are included¹.

It's pushed stock valuations higher, posing a risk to investors, if history is to be believed. Man Group outlines this via one of its studies. Drawing on historical data from the MSCI World Index, they showed that when companies traded with

enterprise values – a measure of the total value of a company including its equity, debt and cash positions – of greater than 10 times annual sales (EV/Sales), the median underperformance over five years was 33%².

As of July, more than 20% of the MSCI World Index is now on an EV/Sales ratio of greater than 10². This may have been more digestible during the cheap money, low inflation world of years gone by, but today, yields sit at around 4.5% and inflation appears to have settled structurally higher².

Alliance Witan stock picker GQG echoes this view: "Looking at past investment cycles, we have observed that periods of sky-high valuations and market concentration often precede significant market downturns."

In particular, they are reminded of the 'Nifty-Fifty' era of the 1970s, when valuations of a group of highly promising tech firms soared, only to flounder as investors reassessed the multiples they were willing to pay.

A couple of points offer some comfort though. First, that the dispersion in valuations amongst stocks means there are always great investments for the discerning stock picker; discipline in evaluating company fundamentals remains paramount as always. Second, that this is no ordinary theme that the market is betting on: if AI is as transformational as the bulls think it might be, then valuations may be justified.

1 https://www.man.com/insights/views-from-the-floor-2025-July-15?pcid=C000103529&utm_source=miauto&utm_medium=email&utm_campaign=vft (accessed 3 October 2025)
2 https://www.man.com/insights/views-from-the-floor-2025-July-22?pcid=C000103529&utm_source=miauto&utm_medium=email&utm_campaign=vft (accessed 3 October 2025)

Recent Q2 reporting from Big Tech offers some support to this, with AI-related earnings shown to be rising significantly even as lavish capex spending continues.

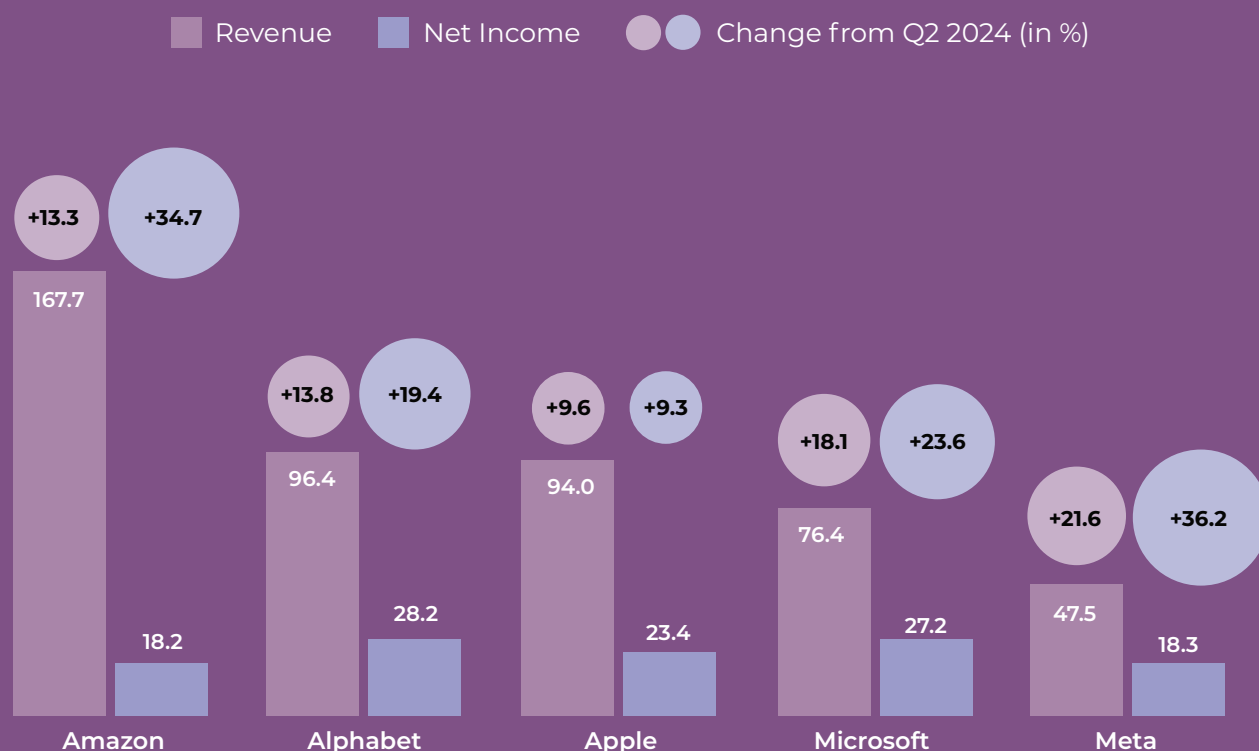
Alliance Witan stock picker Jennison highlights Microsoft cloud business Azure's rapidly climbing AI-driven revenues, up 23.6% for the quarter compared with a year ago (see chart below).

In addition, Alphabet announced a 13.8% year-on-year growth in revenues¹, driven by AI-related demand for its cloud services; Meta's was up 21.6%¹, driven by AI efficiency gains in its core ads business. It's very much the green shoots but provides a glimpse into the pay-off from AI.

1 Statista, 01/08/ 2025

Tech giants exceed expectations in Q2

Revenue and income of Apple, Alphabet, Meta, Amazon and Microsoft in Q2 2025
(in billion US dollar)



Source: Statista; as of 01/08/2025

Past performance does not predict future returns.

More widely across sectors, Man group estimates that 44% of companies have adopted AI solutions in some form or another¹. McKinsey puts it even higher at 8 out of 10³.

But McKinsey notes a paradoxical trend too: though the take-up is encouraging, gains from generative AI – broad, horizontal enterprise-wide systems – appear diffuse and difficult to measure, and don't seem to be materially impacting the bottom line.

This could be about to change with the next phase of AI – vertically integrated, more function-specific applications known as agentic AI.

Will agents challenge the paradox?

Companies are adopting generative AI systems in droves: broad, off-the-shelf systems such as co-pilots, which help complete tasks in certain software, for example Microsoft Copilot or Google AI Workspace, as well as chatbots that respond to general queries, such as ChatGPT. Though both are easy to implement and appear to be driving some efficiencies, it seems their impact isn't doing much for profits.

AI agents have the potential to go much further: independently completing jobs, first by breaking them down into a series of manageable tasks, co-ordinating between humans and systems, and optimising processes as they go along. Made possible through a more advanced class of AI algorithm known as a reasoning model, they are able to 'think through' problems in multiple steps, enabling them to reflect if necessary to identify the most effective solution.

Jennison adds: "AI agents dynamically create and revise action plans, identify when external tools or resources are necessary, interact conversationally with users to gather additional context, collaborate with other AI agents, leverage external systems (e.g., websites and databases), and proactively initiate sequential tasks based on evolving insights."



1 https://www.man.com/insights/views-from-the-floor-2025-july-15?pcid=C000103529&utm_source=miauto&utm_medium=email&utm_campaign=vft (accessed 3 October 2025)

3 <https://www.mckinsey.com/capabilities/quantumblack/our-insights/seizing-the-agentic-ai-advantage#/> (accessed 8 August 25)



If successful, it means adopting such systems may drive productivity gains and cost efficiencies for businesses, or even entirely new revenue streams. Yet, while promising, some investors remain sceptical of valuations, including GQG within Alliance Witan's stable of stock pickers.

They remark that high valuations amongst the mega-tech player including Apple, Meta, and NVIDIA could attract intense competition, from incumbents and new players alike, which could easily disrupt their "seemingly assured growth prospects", especially given the low barriers to entry and the fact AI is lowering them further. It means shiny new projects could end-up yielding insignificant returns. If revenues fail to materialise, valuations could prove wildly unrealistic and stock prices may fall.

What's more, they note that "pure AI-generated revenue remains modest", and that the "lack of a killer application keeps AI primarily a cost-cutting story", with the disruptive impact of the technology mostly contained within the technology industry, at least for the moment. In short, the excitement may simply be too premature.

Potential ahead

All told, while some investors believe the continued adoption and next phase of AI has potential to unlock productivity gains and profits across a broader swathe of the economy, others remain sceptical given the level of speculation, and point to the lessons of history as a warning; a balance of views that exists across the Alliance Witan portfolio.

Dalton Investments

Investment Philosophy

Dalton is a disciplined, opportunistic, global investment management firm committed to capital preservation and long-term growth. Dalton's strategies focus on Asia, Emerging Markets and global equities.

The firm is independently owned by its senior executives and investment professionals, and its investment team members invest in the firm's strategies alongside clients. Since inception, Dalton's investment philosophy has valued insight and agility as their investment professionals seek opportunity in an ever-changing global market environment.

The depth of research, combined with experience and stringent risk management, enables Dalton to seize attractive investment opportunities when they appear and gives them the flexibility to walk away when an investment is no longer attractive.

Jamie Rosenwald
Co-Founder and CIO



Stock Spotlight - Ezaki Glico
With global chocolate cravings on the rise, Dalton believes Ezaki Glico is poised for significant expansion

To watch the latest Stock Picker interview
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Who doesn't love chocolate! While Ezaki Glico is probably a Japanese company consumers here in the UK will not have heard of, they are likely aware of one of its brands: the chocolate-biscuit sticks known as Pocky. Founded in 1922, its products – which include a range of confectionary items, ice cream, dairy products and baby formula – are available in markets around the world, from Asia to Europe to North America.

Stock picker Dalton believes the chocolate market has enormous potential as an expanding global middle class drives rising demand for chocolate, particularly in rapidly developing economies such as India.

Though Ezaki's products are available globally, they remain under-penetrated in markets such as the US and UK, where brands Hershey and Cadbury are dominant. In these, the stock picker believes there are enormous growth opportunities, particularly if the company manages to consolidate with another firm that has a stronger global marketing reach.



Ezaki Glico – Fast Facts


Founded 1922

£1.72bn
Revenue (2024)


circa. 6,000


CEO
Etsuro Ezaki


Headquarters
Osaka, Japan

Equity Manager Spotlight

GQG Partners

Investment Philosophy

GQG's investment philosophy is rooted in the belief that earnings drive stock prices. Markets are often disproportionately focused on shorter-term projections and stocks are often mispriced as a result.

GQG seeks to exploit this mispricing by focusing on finding high-quality, durable businesses with the highest probability of compounding capital over the next five years. This "Forward-Looking Quality" investment style, gives them the flexibility to focus on what they believe to be the highest-quality companies in every industry, allowing for a broader set of industries for potential consideration.

Brian Kersmanc

Portfolio Manager,
GQG Partners



Stock Spotlight - AT&T

GQG's Brian Kersmanc sees renewed potential in AT&T as 5G spending eases and broadband growth accelerates

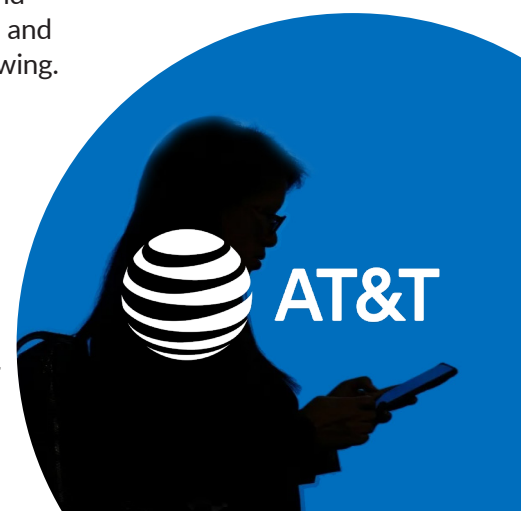
To watch the latest Stock Picker interview
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It's almost hard to imagine life without our phones, whether its communicating for work or personal use, using maps to get somewhere, or seeking information and consuming content. AT&T is a large telecommunications company providing wireless and broadband services in the US, sharing the three-player market with Verizon and T-Mobile. Though competition for share is fierce, the market is steadily growing.

Companies in this space have been unloved in recent years due to the vast sums telcos have been spending upgrading their infrastructure with 5G capabilities, and as they've competed heavily on price. Now, with much of the 5G capex investments behind them and as pricing pressures ease, stock picker GQG believes boosted cashflows will put the company in a strong position.

In addition, GQG believe the company has a wider set of opportunities in broadband as it continues to aggressively take market share from the other two carriers, with its more extensive fibre optic infrastructure offering customers an attractive proposition in comparison to its competitors.



AT&T – Fast Facts



Founded 1885

£97.1bn

Revenue (2024)



circa. 141,000



CEO

John Stankey



Headquarters

Dallas, Texas – US

Companies mentioned are for informational purposes only and should not be considered investment advice. AT&T, October 2025.

Edgepoint

Investment Philosophy

At Edgepoint, we're long-term investors in businesses. We view a stock as an ownership interest in a company and endeavour to acquire these ownership stakes at prices below our assessment of their true worth.

We believe that the best way to buy a business at an attractive price is to have an idea about the business that isn't widely shared by others – what we refer to as a proprietary insight.

We strive to develop proprietary insights around businesses we understand. We focus on companies with strong competitive positions, defensible barriers to entry and long-term growth prospects that are run by competent management teams. These holdings generally reflect our views looking out more than five years. We firmly believe that focusing on longer periods enables us to develop proprietary views that aren't reflected in the current stock price.

Geoff MacDonald

Founding Partner | Co-CEO



Stock Spotlight - Dollar Tree

EdgePoint looks at how Dollar Tree's scale, and buying power are helping the discount retailer expand its footprint and boost revenues.

To watch the latest Stock Picker interview
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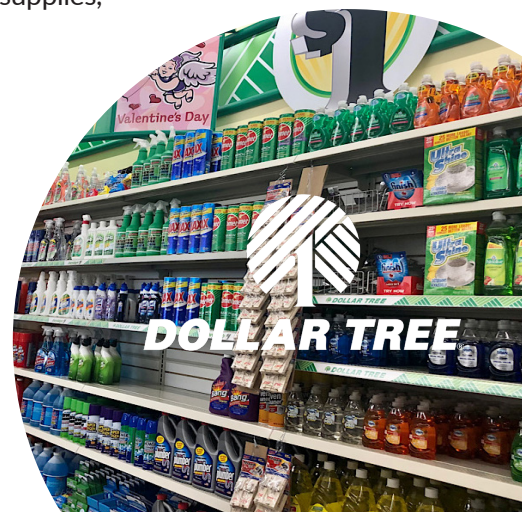


Drawing parallels to The Pound Shop and 99p Store in the UK, Dollar Tree is for the cost-conscious buyer of everyday low-value items, including arts & crafts supplies, kitchenware, long-life foods, office supplies, party supplies, health & beauty supplies, and so forth. First established as the Ben Franklin variety store in Virginia in 1953, it has grown to over 9,000 stores across the US and Canada today.

Its approach is to use its enormous operational heft and buying power to purchase goods in large quantities so that it can sell them at low prices, with most goods costing customers between \$1-3, and 80% of the store priced at \$1.25.

Alliance Witan stock picker Edgepoint believes its growth trajectory is particularly attractive as store roll-outs continue apace and as it implements new multi-point pricing strategies, which are boosting revenues, expanding margins and providing greater flexibility to the product offering.

Source: Dollar Tree, October 2025.



Dollar Tree – Fast Facts



Founded 1953

€15.1bn

Revenue (2024)



circa. 215,000



CEO

Michael Creedon, Jr.



Headquarters

Chesapeake, VA – US

Portfolio Update

Global markets surge as AI fervour and rate cut hopes lift sentiment

Global stock markets surged ahead in the third quarter amid AI euphoria, easing trade tensions, a well-telegraphed cut in interest rates by the US Federal Reserve, and hopes of more monetary easing to come. Our benchmark index, MSCI ACWI, gained 9.5% in Sterling, with all regions posting positive returns, led by emerging markets and the US, closely followed by Asia Pacific. The strongest performing sector was information technology, with a 15% gain, although all sectors apart from consumer staples, which was flat, closed the month higher.

Our portfolio significantly underperformed the index, with a net asset value return of 4.0% and a share price return of 3.5%. The driver of index returns was booming AI-related stocks, predominantly in the US, such as Apple, Alphabet, NVIDIA, Tesla, and Broadcom, as well as several less-prominent technology names with strong share price momentum. These included the data intelligence group Palantir Technologies, whose share price rose 36% over the quarter, and Delta Electronics in Taiwan, which went up by over 100%. Our own portfolio owns many of these companies and other AI beneficiaries. However, we have less exposure than the market, hence this was a drag on relative returns.

The biggest contributors to relative returns were Apax Global Alpha, Taiwan Semiconductor and Las Vegas Sands. Apax Global Alpha, a private equity investment trust, was a holding inherited from the combination with Witan Investment Trust. It was taken private at a material uplift to the purchase share price after lengthy engagement between shareholders, including ourselves, and the Apax Global Alpha Board. Taiwan Semiconductor's share price rose 20% on the back of strong demand for its chips and our shares in the casino group Las Vegas Sands benefitted from earnings and revenue results that beat analysts' expectations.

None of our managers, apart from ARGA, added value in September, which is unusual. With 11 managers, each with their own distinctive skillset, the usual pattern in a multi-manager strategy is for some to be outperforming and others underperforming, producing steady, comparatively low volatility returns. For all but one to be underperforming at the same time suggests market returns are being driven by an overriding factor, that is



short term excitement about prospects for AI, rather than corporate fundamentals. Indeed, there are lots of examples of speculative stocks trading on extreme valuations.

For example, Oklo is a company seeking to build small nuclear power plants expected to power data centres. It has a perfect story of power demand from AI, green energy deployment where they are seen as the leaders, and OpenAI's Sam Altman was Chairman until recently. The stock has surged more than 1,500% since August last year and c50% this September alone. It is valued at c\$16bn. However, the company has never made any revenue.

For a strategy like Alliance Witan that focuses on highly selective investing in companies with strong fundamentals and using a long-term outlook, this is not an easy environment to navigate. To deliver the objective of generating a real return over the long-term and a rising dividend, and being a core investment that can compound wealth for shareholders over long periods of time, we prefer to keep the portfolio well balanced, investing in compelling opportunities across regions and industries, as opposed to taking concentrated positions in current market leaders.

We took the opportunity to add two new managers to the line up in September, introducing Artisan Partners and Brown Advisory.

Oklo has surged more than 1,500% since August last year, despite never having made any revenue.

Not only do we rate both managers very highly, but we think their inclusion brings something different to the portfolio, and a good overall balance. Brown Advisory bring more high-quality companies with strong customer loyalty to the portfolio and Artisan's bias to US value stocks adds greater diversification in a concentrated market dominated by very large growth stocks. The two new managers replace SGA and ARGA, where our relative conviction had reduced recently.



Biggest positions sold and acquired over the quarter

Top 10 largest net purchases Q3 2025	Net value of stock purchased (£m)	% of equity portfolio purchased	Top 10 largest net sales Q3 2025	Net value of stock sold (£m)	% of equity portfolio sold
London Stock Exchange	63.8	1.2	Service Now	51.6	1.0
British American Tobacco	30.9	0.6	NVIDIA	47.0	0.9
AstraZeneca	29.1	0.6	Novo-Nordisk	44.6	0.8
Deutsche Boerse	29.0	0.5	Microsoft	41.1	0.8
Mastercard	27.0	0.5	Synopsis	41.1	0.8
Novartis	25.7	0.5	S&P Global	39.1	0.7
Roche	25.5	0.5	Las Vegas Sands	33.7	0.6
General Electric	23.6	0.4	Ping An Insurance	33.4	0.6
American Express	23.2	0.4	Nutrien	32.1	0.6
Bank of NY Mellon	22.9	0.4	Richemont	30.8	0.6

Update on Buybacks

At the AGM on 1 May 2025, shareholders approved for the Company to purchase up to 14.99% of the issued share capital over the next 15 months.

In the period since the AGM to 30 September 2025, the Company purchased 7.7m shares (2.0% of issued share capital) at a cost of £94.8m. In this period the discount ranged between 3.6% and 5.5% and on days shares were purchased the discount ranged between 4.0% and 5.5%, with an average discount of 4.8%.

In the period from 1 January to 30 September 2025 the Company purchased 9.9m shares at a cost of £121.6m. In this period the discount ranged between 2.8% and 10.0% and on days shares were purchased the discount ranged between 4.0% and 10.0% with an average discount of 4.7%.

IMPORTANT INFORMATION AND RISK WARNINGS

This section contains important regulatory disclosures and risk warnings that are relevant to the material in this document. You should read this section carefully, as it is intended to inform and protect you.

Towers Watson Investment Management Limited (TWIM) has approved this communication for issue to Retail Clients. Past performance is not a reliable indicator of future returns.

The value of all investments and the income from them can go down as well as up; this may be due, in part, to exchange rate fluctuations. Investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV), meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV. This means that potential investors could get back less than the amount originally invested.

Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

No investment decisions should be based in any manner on the information and opinions set forth above. You should verify all claims, do your own due diligence, and/or seek advice from your own professional adviser(s) before investing in any securities mentioned.

The Alliance Witan Board has appointed Towers Watson Investment Management Limited (TWIM) as its Alternative Investment Fund Manager (AIFM). TWIM is part of Willis Towers Watson. Issued by Towers Watson Investment Management Limited. Towers Watson Investment Management Limited, registered office Watson House, London Road, Reigate, Surrey RH2 9PQ is authorised and regulated by the Financial Conduct Authority, firm reference number 446740.

Alliance Witan PLC is listed on the London Stock Exchange and is registered in Scotland No SC1731. Registered office, River Court, 5 West Victoria Dock Road, Dundee DD1 3JT. Alliance Witan PLC gives no financial or investment advice. © Copyright Alliance Witan PLC. Tel: 01382 938 320.

Past performance is not a reliable indicator of future returns. Notes: All data is provided as of end March 2025 unless otherwise stated. All figures may be subject to rounding errors. Sources: Investment performance data is provided by BNY Mellon Performance & Risk Analytics Europe Limited, Morningstar and MSCI Inc; key trades data is provided by BNYM Fund Services (Ireland) Limited. Equity portfolio return is the return achieved by the equity managers, and so includes the effect of any of their cash holdings (gross of their fees). Returns are quoted net of withholding taxes (some of which are potentially recovered at a later date) and therefore potentially underestimate the managers' relative performance.

Registrars

Our registrars are:

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Edinburgh House, 4 North St Andrew Street,
Edinburgh EH2 1HJ

Telephone: 0370 889 3187

Change of address notifications and registration enquiries for shareholdings registered in your own name should be sent to the Company's registrars at the above address. You should also contact the registrars if you would like the dividends on shares registered in your own name to be sent to your bank or building society account. You may check your holdings and view other information about Alliance Witan shares registered in your own name at computershare.com



How to Invest

You can buy shares in Alliance Witan through a growing number of savings and investment platforms. These are best suited to investors who understand their personal risk tolerance and the risks associated with equity-based products. [Click here](#) to learn more about how to invest in Alliance Witan.

Share Investment

Alliance Witan PLC invests primarily in equities and aims to generate capital growth and a progressively rising dividend from its portfolio of investments. Alliance Witan currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream investment products, and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products, because they are shares in an investment trust. The shares in Alliance Witan may also be suitable for institutional investors who seek a combination of capital and income return. Private investors should consult an IFA who specialises in advising on the acquisition of shares before acquiring shares.

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