



**Company:** Applied Materials  
**Sector:** Technology  
**Company Size:** £132bn

### Putting the "silicon" in Silicon Valley

Today's semiconductor customers require faster, more efficient chips to enable increased performance. In addition, as the industry moves to smaller process nodes, the amount of space available on a chip to pull transistors closer together is disappearing. Applied Materials' expertise in modifying materials at atomic levels and on an industrial scale ensures its equipment is used to produce virtually every new chip and advanced display in the world.



**Canadian Natural**

**Company:** Canadian Natural Resources  
**Sector:** Energy  
**Company Size:** £65bn

### An energy company combining some of the highest quality oil assets with an exceptional management team

Canadian Natural Resources owns some of the highest quality oil assets in the world – the crown jewel of which are its oil sands mines in Alberta, Canada. What makes these mines so important is their reserves are predicted to last approximately 45 years – extremely favourable when compared to the average US shale company reserves of around 10 years. In addition, there is "zero decline" meaning minimal capital expenditure and no new costly exploration required to maintain production levels. Again, this compares favourably to conventional oil assets with around 10% per annum decline and as much as 40% per annum for US shale oil. The low cost of production means that the breakeven point for Canadian Natural Resources is just \$30 per barrel. All this, combined with a strong management team and track record of 23 consecutive years of dividend increases, gives us the quality we are looking for in this previously unloved sector.

## *charles* SCHWAB

**Company:** Charles Schwab  
**Sector:** Financial Services  
**Company Size:** £108bn

### One of the world's largest investment platforms, we believe is poised to benefit from a rise in interest rates

Charles Schwab is one of the largest investment platforms in the US, providing wealth management, securities brokerage, banking, asset management, custody and financial advisory services for individual investors, professional advisors and corporate retirement plans.

With over 50% of revenues derived from interest on cash balances on account, Charles Schwab is a beneficiary of a rising interest rate environment. This, combined with a successful takeover of TD Ameritrade (and the resulting synergies from the takeover) and impressive inflows to AUM, makes Charles Schwab a welcome addition to the portfolio.



**Company:** Lam Research  
**Sector:** Technology  
**Company Size:** £93bn

### Dominant supplier of critical equipment that allows semiconductor engineering at the atomic scale

Lam is a supplier of semiconductor manufacturing equipment, focused on meeting the industry's escalating demands. The manufacturing equipment that enables production of devices is becoming ever more critical, especially given the increasing complexity of semiconductor devices. Already a key part of the global economy, the demand for semiconductors will continue to grow as the proliferation of technologies such as artificial intelligence, high performance computing and 5G networks takes hold. Lam is at the forefront of companies enabling manufacturers to keep up with growing global demand.



**Company:** Mastercard  
**Sector:** Financial Services  
**Company Size:** £337bn

### Enabling half of all card transactions globally? Priceless.

Mastercard is a high-quality company with durable competitive advantages that continues to benefit from the structural shift of payments away from cash to mobile, online and contactless transactions. The strong growth in credentials and merchant acceptance locations demonstrates that there is still plenty of scope for carded spend to continue growing. We see huge opportunities for Mastercard to capture new flows, principally within B2B, which should sustain their growth in the coming years. Finally, Mastercard continues to benefit from the normalisation of travel post-Covid and the ad valorem nature of their fees means that they will benefit should inflation continue to be higher than historically.



## Meta

**Company:** Meta  
**Sector:** Media & Entertainment  
**Company Size:** £873bn

### The only super-app connecting billions of consumers and businesses globally

For social media companies, ad targeting has become an exercise in marrying data with algorithms to improve user engagement and conversion rates for marketers. In the AI era, highly proprietary datasets, vast compute resources and vast distribution are the holy trinity. Meta possesses all three. It's successfully weaved together its wealth of user data, enabled by one of the world's largest compute clusters, in order to increase the relevance of the content it surfaces, delighting the three billion unique individuals that use at least one of Facebook, Instagram, Messenger, and WhatsApp on any given day. As generative AI drives an explosion in content, the ability for Meta to leverage AI to curate that content across its family of apps should translate to more engagement, which should ultimately drive more revenue.

## Microsoft

**Company:** Microsoft  
**Sector:** Technology  
**Company Size:** £2,314bn

### Powering businesses and home computing around the world is not enough for the world's largest software company

Microsoft's products: Windows, Office, server operating systems and developer tools, are part of the foundation of almost every enterprise. History is littered with examples of companies in such enviable positions that fail to adapt, but we believe Microsoft is a rare exception. Since 2014, CEO Satya Nadella has reinvigorated Microsoft by pursuing a more open strategy, overhauling internal culture to attract the best talent and focusing attention firmly on the future of technology.

This has paid dividends with Microsoft Azure becoming a leading cloud computing platform and Microsoft Teams becoming the de-facto way that work gets done. Most recently, we believe Microsoft has emerged as a leader in AI, and we are excited about the prospects for Microsoft Copilots and Azure AI Services to drive efficiency for customers and financial results for Microsoft.

## MONCLER®

**Company:** Moncler  
**Sector:** Luxury  
**Company Size:** £15bn

### The world's leading luxury outerwear brand

Moncler, founded in 1952, is an outerwear-focused luxury brand famous for its down jackets. Since its acquisition in 2003 by current Chairman and CEO Remo Ruffini, its brand equity has been burnished by a focus on quality, control and highly effective marketing. Combined with a controlled store roll-out strategy enabling a shift from wholesale to retail, the company has grown revenues by 10x over the last 15 years. Moncler continues to have significant headroom to open new stores and also has a material opportunity to increase its presence beyond its main outerwear category. The acquisition of Stone Island also gives management an opportunity to redeploy its playbook on a business that resembles Moncler 10 years ago, and thus accelerate revenue and free cash flow growth over the medium-term.

## NVIDIA.

**Company:** Nvidia  
**Sector:** Technology  
**Company Size:** £1,727bn

### Accelerating the evolution of artificial intelligence with silicon, systems and software that power the next era of computing

You may not have heard of Nvidia but chances are, you're already a regular user of one of the many services their chips enable, including video recommendations on TikTok, grammar checks in Word online, feed recommendations on Pinterest or ad recommendations on Facebook and Instagram.

Nvidia's chips speed up compute-intensive parts of applications. Accelerators were initially used to power desktop computer graphics but as Moore's Law has slowed, accelerated computing has emerged as a solution, enabling researchers to continue to push the boundaries in fields such as AI, climate simulation, drug discovery, ray tracing, and robotics.

## SARTORIUS

**Company:** Sartorius  
**Sector:** Healthcare  
**Company Size:** £16bn

### Driving the transformation of medicine production from brute chemical processes to organic biologics

Sartorius is a leading provider of bioprocessing equipment that is used within the manufacturing of biopharmaceuticals (medicines made from living organisms rather than chemical synthesis). We believe that bioprocessing is an attractive industry because most of the revenue is recurring and is typically locked in for the lifetime of the biopharmaceutical. While Sartorius and the wider industry have experienced some challenges recently as conditions have normalised post-Covid we believe that the mid-term outlook remains bright. Biopharmaceuticals, including exciting areas such as cell gene therapy, continue to exhibit significant innovation and as a result we expect them to continue gaining share of the drug market from the current 33%. This coupled with the shift from stainless steel technologies to single-use technologies means that Sartorius has a long and durable growth runway.

