



J. STERN & Co.

Investing in Quality for the Long-Term

HIGH-QUALITY, LARGE-CAP GLOBAL EQUITIES

17th September 2026

HIGH-QUALITY, LARGE-CAP GLOBAL EQUITIES

*Will recent underperformance by Quality global equities reverse?
And has the definition of Quality changed?*

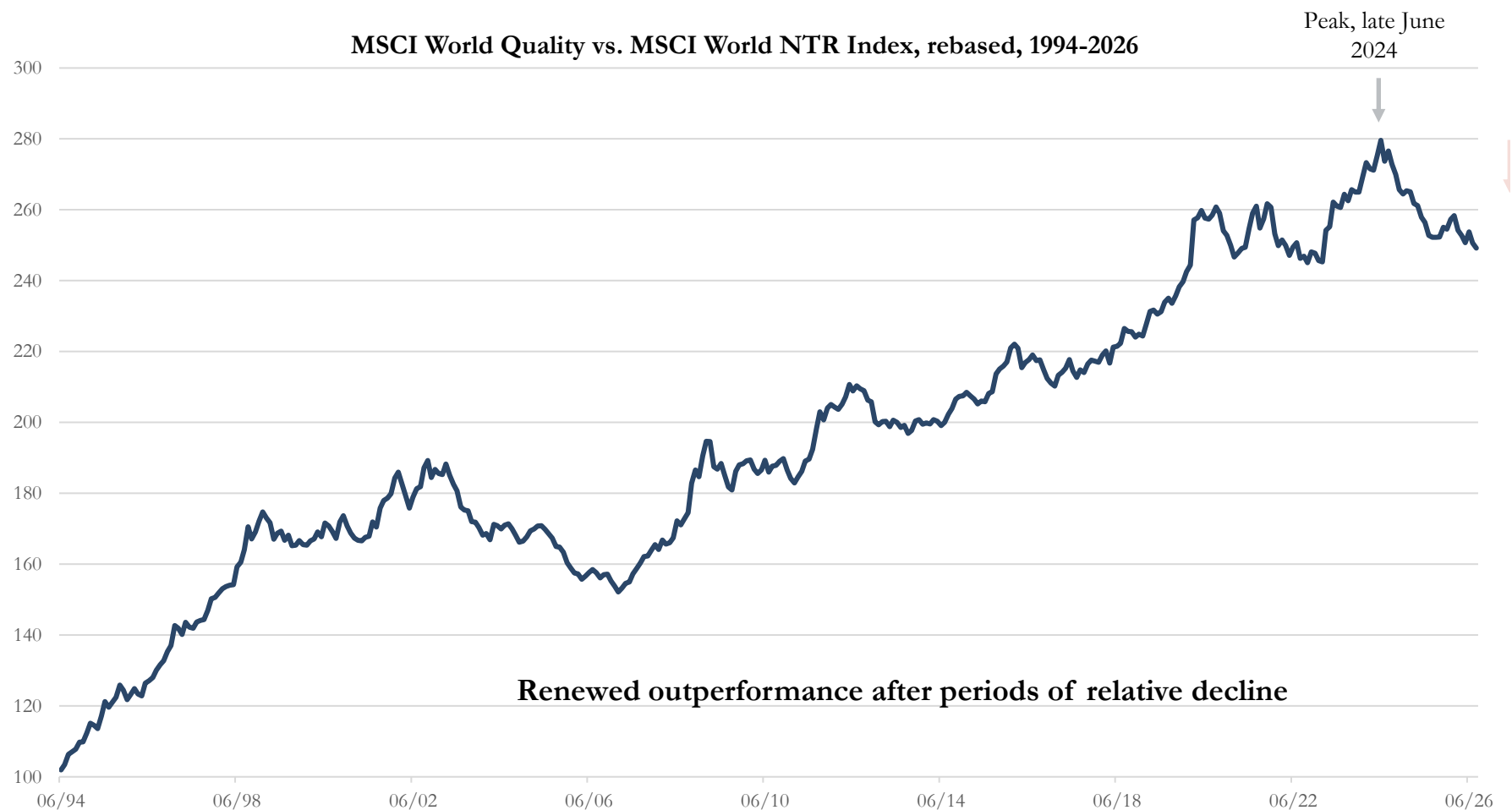
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- Powerful long-term track record; but recent underperformance.
- Increased market concentration.
- Narrow sector leadership.
- Increased pressures in some areas – China's trade surplus, influencer marketing.
- Quality thesis still intact.
- Keep updating the framework – adapt, look forward, increased rigour.

QUALITY - LONG-TERM OUTPERFORMANCE



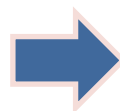
FUNDAMENTALS SHOULD REASSERT



INCREASED EQUITY MARKET CONCENTRATION

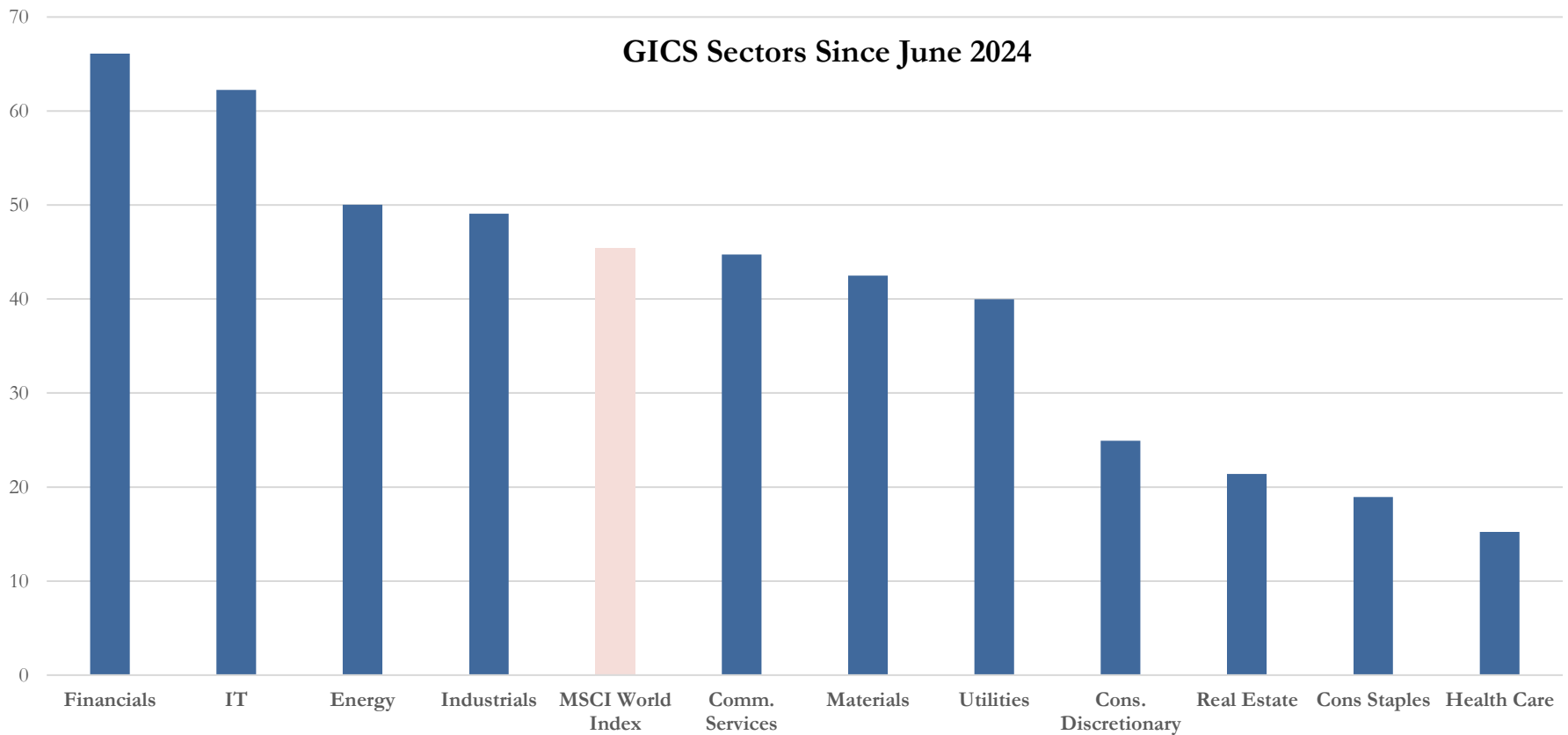
MSCI World Index, 2016-26

31/08/2016	Index Weight %	Sector
Apple	1.8	Information Technology
Microsoft	1.3	Information Technology
Exxon Mobil	1.1	Energy
Johnson & Johnson	1.0	Health Care
Amazon	0.9	Consumer Discretionary
General Electric	0.9	Industrials
Meta	0.9	Communication Services
Nestle	0.8	Consumer Staples
AT&T	0.8	Communication Services
JPMorgan Chase	0.8	Financials
Total Top 10	10.1	



31/08/2026	Index Weight %	Sector
Alphabet	5.7	Communication Services
NVIDIA	5.6	Information Technology
Apple	5.1	Information Technology
Microsoft	3.9	Information Technology
Amazon	2.7	Consumer Discretionary
Broadcom	1.8	Information Technology
Meta	1.4	Communication Services
Micron Technology	1.2	Information Technology
Tesla	1.1	Communication Services
JPMorgan Chase	1.0	Financials
Total Top Ten	29.5	

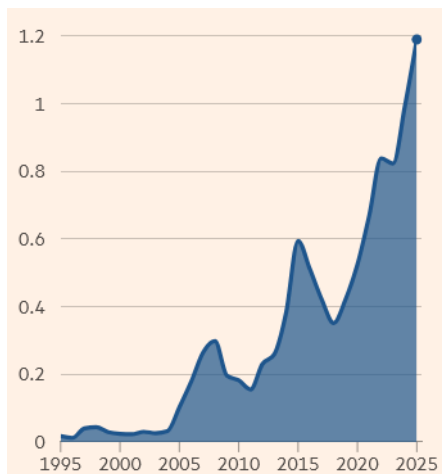
NARROW MARKET LEADERSHIP



Some sectors driven by extraneous influences, not company fundamentals

CHINA'S TRADE SURPLUS...SQUEEZING

China's Trade Surplus, US\$tn

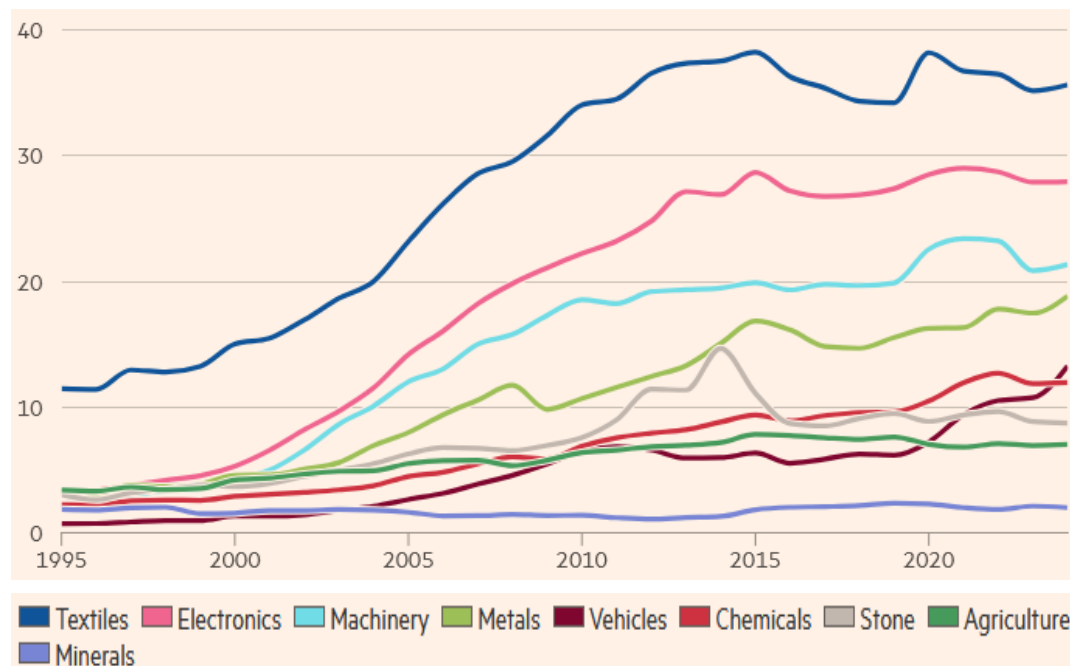


- Rapid growth in trade surplus. US\$1.2tn in 2025.
- Exports +25% in August 2026.
- Increased competitive pressure with specific 'hot spots'

China's Exports – Regional Split, US\$bn



China's Global Market Share by Product, % value



GROWTH OF INFLUENCER MARKETING

- A new source of disruption to conventional marketing and business models.
- Varied impact across industries.

3x

Growth in Market Size since
2020

\$34.1bn

Projected Global Influencer-
Marketing spend, 2026



- Founded by Hailey Bieber
- Skincare & beauty
- Social-first marketing, gifting
- Influencers, Insta, community

\$22bn+

Instagram – The Largest Influencer
– Marketing Platform

Worth \$22bn+ in 2025¹



- Low sugar, prebiotic soda.
- Built around product, community & social engagement.
- Acquired by PepsiCo for \$1.95bn in 2025.

HOW WE DEFINE QUALITY

**Strong &
sustainable
competitive
position**

**Good & growing
industry**

**Management with
a track record of
value creation**

**Financial strength
to weather
adversity**

Our Quality framework is forward-looking & adaptive by design

HIGHLY SELECTIVE APPROACH

Focused on growth drivers

Digital
Transformation*,
55.4%

ASML

*Global leader in advanced
lithography machines for
complex small chips.*

Healthcare &
Life Sciences, 9.6%

**ThermoFisher
SCIENTIFIC**

*Leading global life sciences
company. Acceleration in
industry demand.*

Consumer, 13.0%

Nestlé

*New management.
Tighter focus, more
urgent, better growth.*

Industrials &
Infrastructure, 21.9%

**Honeywell
Technologies**

*Pure-play leader in global
automation. Buildings,
industrials, processes.*

We avoid

*Balance-sheet
driven financials*

*Regulated
businesses*

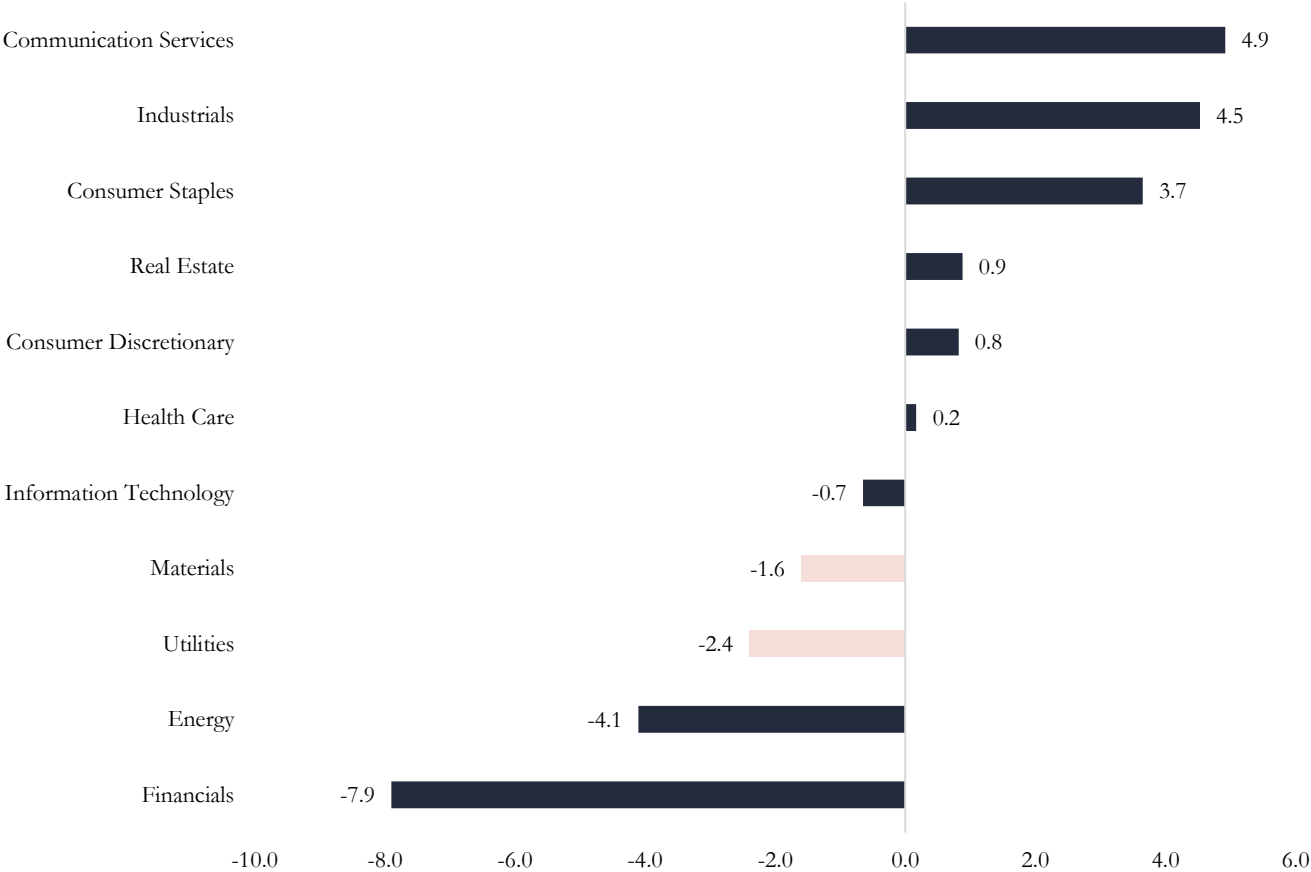
*Resource-based
industries*

*Capital-intensive
businesses*

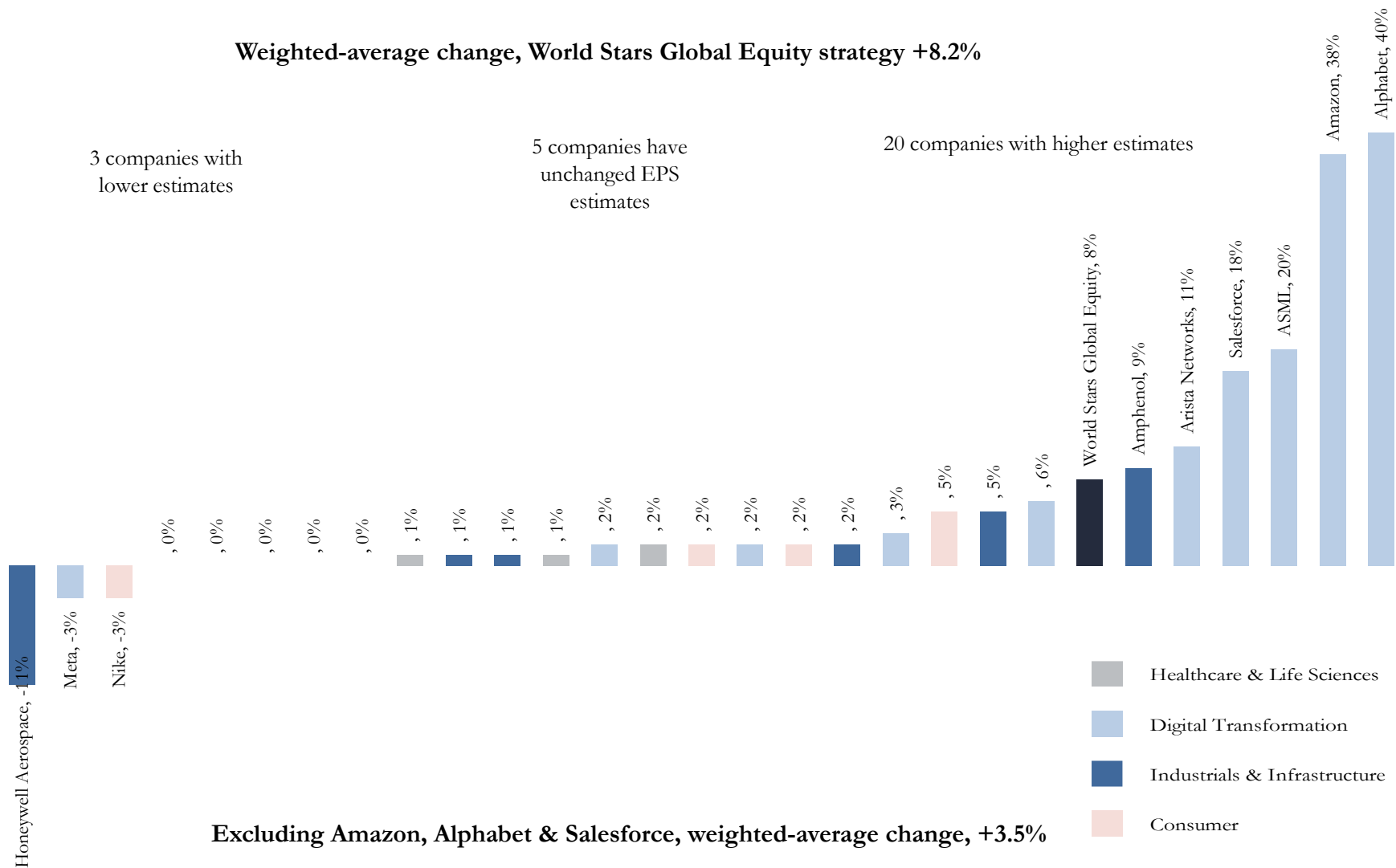
Bottom-up, benchmark unconstrained

ACTIVE SECTOR WEIGHTS, 31 AUGUST 2026

Active Weights – Relative Overweight/Underweight vs. MSCI World by GICS Sectors, %



FY26 EARNINGS OUTLOOK AFTER Q2



LEADER IN SCALE & INNOVATION

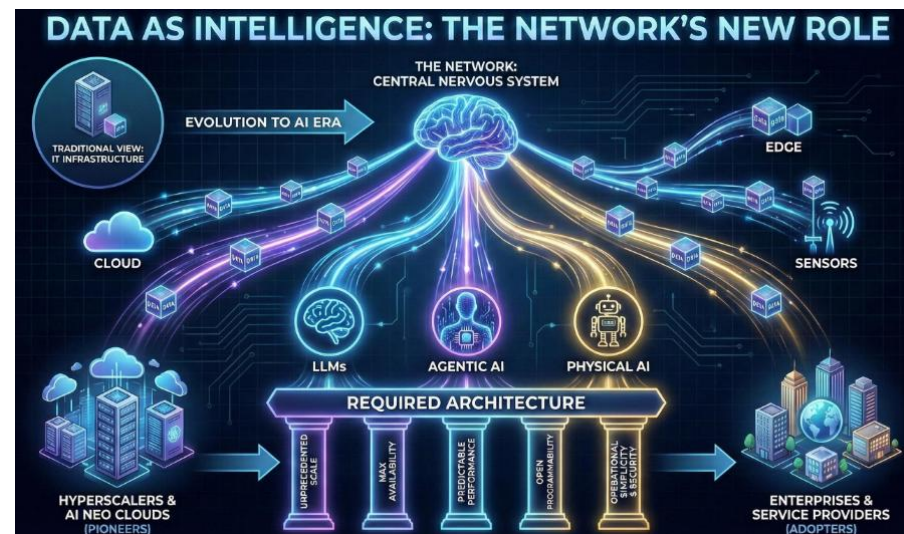


Arista Networks

- Leading global networking company
- High-performance switching & routing equipment.
- Best-in-class hardware combined with proprietary EOS software platform.
- Consistent share gains from Cisco and now No 1.

Growth drivers

- Focused play on huge growth in Data Centres.
- Market leader in high-speed switching, 37% share.
- Networking capex expected to rise from 6% to 9% of total DC cost.
- Determined innovation & technological advances.



New XPO module, March 2026

- Next-gen module to satisfy huge growth in AI fabric bandwidth and transition to liquid cooling.



ENDURING QUALITY - EATON

'Intelligent' power management company

- Highly-engineered products & solutions.
- ~90% revenues from Electricals & Aerospace,
- Accelerating secular growth trends.
- Strong focus on shareholder value.

Recent Q2 results

- Revenues +14% organic incl. Electricals +18%, Aerospace +7%.
- Electricals order backlog +33% Americas, +103% Global.

**Multi-year super-cycle in electrification
incl. data centres, transition to low-
carbon economy**

Share Price, USD



2014-26 CAGR +20% in USD, gross of fees.

Modular Data Centres



Benefits to customer

- Faster deployment
- Control of costs
- Reduced risk
- Easier scalability

SUPER HIGH QUALITY & UNDERVALUED

Amazon & Nvidia - two of our top five holdings.

Two year forward P/Es - both at a 10 year low.



DIFFERENTIATED GLOBAL PORTFOLIO



Performance drivers

- Digital transformation – technology-based innovation, growth in investment and AI.
- Industrials – investment to raise capacity, improve productivity and enable sustainability.
- Healthcare – steady current demand, boost from aging population and rapid technological innovation.
- Consumer – powerful, durable brands in categories with clear scope for differentiation.

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