EVENLODE
GLOBAL EQUITY FUND

IFSL Evenlode Global Equity Fund

Investment View

CQ3 results
November 2026



Certified B Corporation

As the third calendar quarter reporting period draws to a close, the steadiness of the Evenlode Global Equity portfolio companies contrasts sharply with the volatility seen in the wider market.

As of writing, 86% of the portfolio[i] has reported. Average organic revenue growth[ii] was 7.6%[iii], remaining within the consistent 7% to 9% range for a 16th consecutive quarter. Average margins have continued to expand and buybacks continued apace, leading to average adjusted earnings per share (EPS)[iv] growth of 13.4% for those companies[v] reporting the metric.

Market update

The last few months have proven highly eventful, driving excellent relative performance for the strategy.

October saw a notable pull back in the share prices of semiconductor and technology companies, as concerns heightened over the funding of the datacentre build out. There is a plethora of news stories to choose from to illustrate this, but two stand out. Firstly, CoreWeave, a neocloud provider, saw the yield on its debt increase to over 15% as debt holders became increasingly sceptical about the company's ability to generate returns. This proved a harbinger for wider spreads on cloud borrowing over the following month. Secondly, OpenAI failed to fill more than half of its most recent funding round[vi], with the new issuance valuing the company at a significant discount to prior rounds. Combined, these developments demonstrate reluctance on the part of both debt and equity investors to continue to fund the capex required for datacentre construction and advanced model training. As hyperscaler[vii] capex and the AI[viii] expansion are now dependent on external sources of financing, this poses the most clear and present danger to the AI narrative that has driven markets.

November brought the US midterm elections and a blue tsunami, as Democrats won both the House and the Senate by significant margins. The American public's rebuke to Trump's tariffs, the war in Iran, and the ensuing increased costs of living was decisive. While the market response to the midterms was initially sanguine, the following day saw a sharp sell-off[ix] in equities – most notably (again) in the technology and semiconductor space. The impact of datacentres on local communities was a core issue for many politicians running for both federal and state positions – from both sides of the aisle – and there is speculation that many states will impose moratoriums on further datacentre build outs. At the very least, we would expect increased costs as states demand increased contributions to local infrastructure in exchange for permits. This increases the overall cost of the build out and lowers the returns for investors further.

The combination of all of these developments, along with volatile oil prices and uncertainty over US bond yields, has contributed to a highly volatile market across a range of different asset classes. This has been visible in the reported results of the derivative[x] exchanges, CME and ICE, who both reported exchange revenue growth well in advance of open interest growth[xi]. This indicates increased trading and speculation, beyond the underlying growth of the derivative trade volumes.

Similarly, we saw a near 70% spike in the VIX, a measure of equity market volatility, and this has remained elevated following the election results.

In these volatile markets, investors typically look to businesses that are not dependent on either macroeconomic cycles or speculative growth narratives. Such businesses, with predictable free cash flow[xii] generation and low debt requirements, form the core of the 'quality' universe from which we select our portfolio. It is understandable that these businesses, which compound[xiii] cash flow at a double-digit rate on average, have been deemed somewhat boring during the AI build out. However, we believe the value of compounding comes as much from the steadiness of the compounding, and it is this that drives real shareholder returns over the long term.

Quarter highlights

Hasbro has gone from strength to strength, with revenues from the Magic: the Gathering card game growing at 34% year on year. The card franchise has seen durable high growth, underpinned by a 40% increase in global players and a steady cadence of new Universes Beyond[xiv] card sets, featuring third-party characters that help recruit new players. It was also pleasing to see sales unaffected by the price correction in the wider playing card secondary market. Pokémon cards, a competitor franchise, saw secondary market card values decline by 30-50%, while Magic: the Gathering valuations remained resilient. Hasbro/Wizards of the Coast[xv] have deliberately eschewed driving up secondary valuations by separating card rarity from its value in the game and by actively banning rare cards from play if they are deemed powerful. This approach favours collectors and players over speculators and helps keep growth sustainable. At the group level, Hasbro comfortably beat on both revenues and earnings and is well set up going into 2027.

Another notable performer was **Jack Henry**, the US banking software provider. The company is taking advantage of the poor execution of Fiserv, a rival competitor, and has stepped up competitive takeaways. 63% of new clients took Jack Henry's trifecta offering of core banking software, digital banking software (Banno) and payments/card software. Banks usually prefer to employ a range of suppliers to reduce the risk of vendor lock-in, so this development demonstrates the trusted position that Jack Henry has built across the industry. The company again beat on both revenue and profit growth and has received a series of sell-side upgrades following the results.

We recently added a new position in **Brinker International**, the parent company of Chili's, the predominantly US casual dining restaurant chain. Chili's operates at the value end of the casual dining space, with its $10.99 meals attracting customers that then spend extra on desserts and drinks. With the US consumer feeling the strain of increased gasoline prices and higher interest rates, more consumers are trading down, as evidenced by Bank of America's Spending tier composite measure, which recently reached its lowest level since 2021. This is a positive driver for Chili's, and traffic increased by 6.4%. This helped drive overall same-store revenues up by over 10%. The company is committed to improving both the speed and quality of service and has increased

investment in staff ahead of the Christmas period. This forms a virtuous cycle of increased investment, repeat guest visits, and revenue growth. With store expansion set to resume in 2027, Brinker's growth story has plenty of room to run, and the valuation remains highly attractive.

Quarter lowlights

At the half year mark, **Gaztransport & Technigaz** (GTT) increased its 10-year forecast for liquefied natural gas (LNG) carriers from 450 to 550 units. Unfortunately, the results this quarter were not as encouraging. The short-term dislocation in the LNG market caused by the war in Iran has caused spikes in both the European and Asian gas prices, though there is little between them. As such, gas produced on the east coast of the US is currently being shipped predominantly to Europe, a shorter distance relative to Asia, and there is little leaving Qatar. This has caused an oversupply in LNG carrier capacity, shipping rates to drop, and delays to the deliveries of new LNG carriers. This is a short-term issue, and we are already seeing Asian gas rates start to rise above European rates – which should lead to increased carrier demand. The eventual reopening of the Strait of Hormuz would provide a further catalyst, though we cannot predict when this will happen. The long-term outlook remains very positive, with further gas production and gas containment final investment decisions (FIDs) expected to lead to an increase in carrier orders in the coming year.

Another French firm, **Hermès**, also disappointed as organic growth slowed to +4.3% from +6.7% in the prior quarter. The wider luxury goods market has declined, as the Chinese consumer continues to spend more cautiously following the property market correction in the country. For Hermès, this has resulted in lower footfall in Chinese stores, which has particularly affected the sales in ready-to-wear accessories and watches. However, the company continues to outperform peers in the core leather products division (primarily handbags), which grew at a double-digit rate. Many peers are now starting to take price reductions on their handbags. Hermès can rely on its brand strength to avoid this measure, and we expect the performance gap between Hermès and peers to widen again in the coming months.

Nintendo, the Japanese video games company, gave back some of its more recent share price gains at the results. The new Switch 2 console continues to sell ahead of expectations. However, increased memory prices led Nintendo to raise the console price from September. This has only partially offset the rising costs, and hardware margins are in decline. Coupled with a relatively bare slate of games and a cost-conscious US consumer, there is a reasonable short-term concern ahead of the important Christmas sales period. However, we stress that this is a short-term concern. The reception of the Switch 2 has been excellent; Nintendo continues to create high-quality games and has one of the deepest character benches available. With a new Pokémon game due in 2027 and a new Mario game now overdue, there remain plenty of catalysts to accelerate sales in the coming year.

Consensus statistics[xvi]

Visible Alpha consensus data[xvii] is only available for the 19 companies that report quarterly:

Reported revenue: 16/19 companies beat consensus, of which four beat by more than 2%; CH Robinson (beat by 8%), Hasbro (8%), Marsh (3%), Booking (2%). Three missed and only Nintendo (-3%) was by more than 2%.

Reported EPS: 17/19 companies beat consensus, of which six beat by more than 5%; Hasbro (beat by 56%), Honeywell Aerospace (19%), Broadridge (14%), New York Times (7%), Amazon (6%), Jack Henry (6%). Two missed and only Nintendo (-7%) was by more than 5%.

Quote of the quarter

"...if trips do pull back because of the macro, that consumer's going to pick places they trust, and the strong are going to get stronger, and the weak are going to get weaker."

Kevin Hochman, CEO, Brinker International, Q1 FY27 earnings call, 28 October 2026.

Portfolio outlook

The fund's recent performance has been positive, but the portfolio still trades at a significant discount to the wider market. The fund constituents are valued on an average forward free cash flow yield[xviii] of 5.2%, and we expect their cash flow to keep growing at a double-digit rate. The portfolio companies continue to return a large portion of this cash to shareholders. In 2026, we expect a shareholder yield of 4.7%, made up of a 1.9% dividend yield[xix] and a 2.8% buyback yield[xx].

We see the combination of strong growth and valuation appeal as a highly attractive opportunity for long-term investors, and there remains a significant potential for re-rating as the market increasingly rewards consistent cash generation in uncertain times. In the meantime, the portfolio continues to compound, and we believe it is well positioned for the rest of 2026 and into 2027.

Chris E, Cristina, and the Evenlode Team
16 November 2026

Important information

Evenlode has developed a Glossary to assist investors to better understand commonly used terms.

Market data is sourced from S&P Capital IQ, Financial Express Analytics and Bloomberg unless otherwise stated.

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The IFSL Evenlode Investment Funds are subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money you invested. You should therefore regard your investment as long term.

The Evenlode philosophy and process creates a bias towards companies that meet our quantitative and qualitative requirements. As a result, the fund may have material differences in exposure in terms of style factors, industry sectors and geographies to the wider equities market and comparator benchmark. Over the short-term this may result in material underperformance in certain market conditions.

As a focused portfolio of between 30 and 50 investments, IFSL Evenlode Global Equity may carry more risk than a fund spread over a larger number of stocks. The funds have the ability to invest in derivatives for the purposes of efficient portfolio management (techniques used by investment managers to manage a portfolio in a way that aims to improve returns, reduce risk, or manage costs, without significantly changing the overall investment strategy or risk profile), which may restrict gains in a rising market. Investments in overseas equities may be affected by changes in exchange rates, which could cause the value of your investment to increase or diminish.

Past financial performance is not a reliable indicator of future results. Fund performance figures are shown inclusive of any reinvested income and net of ongoing charges and portfolio transaction costs unless otherwise stated. The figures do not reflect any entry charge paid by individual investors. Tax treatment depends on individual circumstances and may change in the future.

Evenlode believes that delivering real, durable returns over the long term can be best achieved by integrating environmental, social and governance (ESG) factors into the risk management framework as this ensures that all long-term risks are monitored and managed on an ongoing basis. In addition to reviewing ESG factors when making investment decisions, Evenlode engages with portfolio companies on a range of ESG issues (for example supply chain resilience, cybersecurity, and remuneration, among other things). However, please note that the fund does not have a sustainability objective.

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i Experian, Medtronic, Disney and Lululemon remain to report. Clarkson and Lindt do not report Q3 results.

ii ***Organic Revenue Growth:*** *The percentage increase of sales generated from a company's existing resources and operations. Excludes growth attributable to mergers and acquisitions and foreign exchange.*

iii Source: Eddie, Company results Q3 2026. Portfolio weighted average organic revenue growth is 8.7% excluding Nintendo (-19.6%), which is lapping the low-margin revenues from the launch of the Switch 2 console.

iv ***Earnings Per Share (EPS):*** *A measure of company profitability, calculated by dividing a company's profit by the number of shares in issue.*

v Source: Eddie, Company results Q3 2026. European companies typically don't report profit figures at Q1 or Q3 results, so this is the average for 19 companies.

vi WSJ; https://www.wsj.com/tech/ai/openai-raises-less-than-half-of-30-billion-target-in-latest-round-91aecdc5.

vii ***Hyperscalers:*** *Technology companies that operate global cloud computing and data centre platforms, providing computing, storage and AI services to millions of customers worldwide. Examples include Amazon, Microsoft, Alphabet (Google).*

viii ***AI (Artificial Intelligence):*** *Technology that enables computers and software to perform tasks that normally require human intelligence, such as understanding language, recognising patterns, analysing large amounts of information, making predictions, and generating content. AI can help people work more efficiently by automating routine tasks and identifying insights from data.*

ix ***Market sell-off:*** *When an event triggers a large volume of investments to be sold in a short period of time, causing the price of investments to fall rapidly.*

x ***Derivatives:*** *Investments whose value is linked to that of an underlying asset such as oil or company shares, or the performance of an index, or other variable factor. Some examples of derivatives are futures, options and contracts for difference.*

xi A measure of volume growth that is a better indicator of longer-term exchange volumes.

xii ***Free Cash Flow (FCF):*** *A measure of how much cash a company can generate over and above normal operating expenses and capital expenditure. The more FCF a company has, the more it can allocate to dividend payments and growth opportunities.*

xiii ***Compound:*** *growth occurs on the original amount and on previous growth. For example, £100 growing at 5% per year on a compound basis would turn into £127.63 at the end of 5 years. This can be mathematically expressed as: (£100 * 1.05 * 1.05 * 1.05 * 1.05 * 1.05).*

xiv Universes Beyond is the name given to Magic: The Gathering cards and sets built around other franchises, like The Lord of the Rings, Final Fantasy, Marvel and Star Trek.

xv Wizards of the Coast is the subsegment within Hasbro that produces Magic: The Gathering.

xvi Data from Visible Alpha, statistics available for quarterly reporters only.

xvii Visible Alpha consensus data represents the average of what professional analysts expect a company to report. Visible Alpha gathers forecasts from many analysts and combines them into a single "consensus" number, which acts as the market's expectation. When a company reports its results, comparing the actual figure with the consensus shows whether it did better ("beat") or worse ("missed") than expected.

xviii ***Free Cash Flow Yield:*** *Free Cash Flow (FCF) per share divided by the current share price. A higher Free Cash Flow Yield implies a company is generating more cash that could be paid out as dividends and to reinvest into growth of the business. The Free Cash Flow Yield of a portfolio is the total free cash flow generated by the portfolio, divided by the market value of the companies in the portfolio or index.*

xix ***Dividend Yield:*** *Annual dividends made by a company to shareholders, expressed as a percentage of the share price.*

xx ***Buyback Yield:*** *The percentage of a company's capitalisation spent on repurchasing its own shares over a period.*