EVENLODE
UK SELECT FUND

Evenlode UK Select Fund

Results Round-Up

October 2026



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Certified B Corporation

The global stock market fell in October, as credit conditions tightened and doubts about the sustainability of the AI capex[i] trade hit US technology and industrial stocks. The US mid-term elections added to AI concerns, and the Nasdaq 100 has fallen sharply in the first half of November.

So far this year, Evenlode UK Select has returned +10.8% compared to +13.1% for the FTSE All-Share[ii].

Last month I mentioned early signs that liquidity and credit conditions are tightening. From an equity perspective, quality companies are well placed in this environment – they are the equity equivalent of AAA[iii] bonds. Their repeat-purchase business models, strong and clean balance sheets, and ability to self-fund are all characteristics that are likely to become more appreciated in this new market phase. At the same time, investors are beginning to search for diversification from what has become a very concentrated global market index. The irony is that the market has cared incredibly little about these characteristics over the last three years, so the valuations of quality companies are also highly attractive at this juncture.

Despite the beginnings of a recovery in performance over recent months, the forward free cash flow yield[iv] on the Evenlode UK Select portfolio remains well over 6%.

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As has been the case throughout the year, portfolio holdings continue to deliver good fundamental performance. We are most of the way through the third quarter results season now, with more than 80% of the portfolio having updated the market. Forecasts for aggregate growth for 2026 remain good – revenue growth of +5%, operating profit growth of +8%, and double-digit earnings growth are expected[v].

We are confident that portfolio holdings can continue to compound free cash flow[vi] at a high and steady rate over coming years, whilst paying out an attractive level of shareholder returns along the way.

We discussed several holdings last month, including Avon Technologies, DiscoverIE, Greggs, XPS Pensions Group, Clarkson, Informa and Fevertree. We will spend the rest of this view discussing several other holdings that have released results over recent weeks.

Unilever (3.4% dividend yield[vii], 5.8% free cash flow yield)[viii]

Unilever released a consensus-beating third quarter trading statement, with organic revenue[ix] +5.2%, including volume growth of +2.9%. Management slightly upgraded guidance for the full year, having already upgraded guidance at the half year.

The company also held a Capital Markets Day in November, which expanded on the company's attractive portfolio positioning and long-term growth potential. This included a reiteration of medium-term guidance of +4-6% organic revenue growth (including more than +2% volume growth), improving operating profit margins, and the maintenance of a Return on Invested Capital (ROIC)[x] in the high-teens.

Importantly, once Food has been exited (in the first half of next year), management gave a clear message that there will be no more transformational disposals or acquisitions, and Unilever's focus will be entirely on the organic opportunity and bolt-on acquisitions[xi].

The organic opportunity for Unilever should not be understated. Here are some of the key attractions of the Unilever business model following the disposal of the Food division:

- A pure-play Beauty and Wellbeing, Personal Care, and Homecare portfolio.
- Emerging markets at 63% of group sales, of which 50% is from Asia, including 16% from India.
- Slow-growing Europe down to 14% of sales. Fast-growing US up to 23%.
- The number of brands in the portfolio down from 370 to 180 over five years.
- 90% of sales from brands in a number one or number two category position.
- 65% of turnover from Unilever's top ten markets.

Unilever is a well-invested, growing business that has done a good job over recent years of pivoting towards the Beauty and Wellbeing, Personal Care and Home Care categories, and investing for growth.

This has not, we think, been adequately reflected in the company's share price performance - given both the operating headwinds and the negative sentiment that investors have had towards the consumer branded goods sector over recent months.

A forward Price-to-Earnings (PE)[xii] multiple of approximately 17x (or more like 15x if one strips out the Hindustan Unilever stake) is very modest for the quality of its brand portfolio, global scale and embedded distribution network.

Diageo (2.3% dividend yield, 5.5% free cash flow yield)

At its recent first quarter trading statement, Diageo reported a more positive start for its financial year to June 2027 than expected, with organic sales growth of +1.4%. Management reiterated guidance for the year of low-single-digit to mid-single-digit profit growth. The revenue beat was driven by strong growth from Guinness, Latin America and Asia, combined with a better-than-expected performance in US Spirits.

We continue to view the downturn in the US spirits category (Diageo's biggest issue over the last four years) as a combination of affordability and health-related trends, but with affordability being the more significant factor. New management still have work to do, but they are taking sensible steps to meet the pressured US consumer where they are - with mid-tier price points and ready-to-drink products both areas of focus. Our discussions with management this year also suggest that the potential for improving profitability over time is significant.

Diageo's share price has begun to recover from a very difficult period, but the forward PE multiple of 14.5x remains very depressed, for an excellent portfolio of global brands.

RELX (2.6% Dividend Yield, 5.3% Free Cash Flow Yield)

RELX provided another very solid trading update, directly contradicting the 'AI loser' narrative that has plagued the share price over the last year. Underlying revenue has grown +7% year-to-date, with positive momentum across the group.

As with the interim results released in July, the update once again demonstrates the incremental organic revenue growth acceleration that the company is seeing in both its LexisNexis legal division (from +9% last year to +10% this year) and its STM (Scientific, Technical and Medical) journal division (from +5% to +6%), as the company successfully harnesses generative AI and agentic AI technologies to add value to its clients in both divisions.

RELX also operates a major digital identity verification and fraud detection business through its Risk Solutions division, where management is seeing another form of AI-related opportunity. As RELX's CFO Nick Luff put it at results: *"with generative AI being used by the bad guys – fake IDs, deep fakes and so on - the importance of what we do becomes all the greater, and we are expanding use cases and enhancing functionality to help our customers protect themselves from these emerging threats".*

This month, following the trading update, RELX also held a useful investor seminar on its STM division, to add more colour to the AI-enabled growth opportunity in this division. Management pointed to double-digit value uplifts in STM subscriptions as clients upgrade to AI-enabled functionality – a similar level to what has already been seen in the LexisNexis legal division over the last two years.

LSEG (2.0% Dividend Yield, 7.3% Free Cash Flow Yield)

LSEG, another digital business model whose share price has been under pressure over the last year due to AI fears, also posted a strong third quarter trading update. Organic revenue grew at +8.8%,

ahead of expectations, and organic revenue growth guidance was raised for the full year from +7.0%-7.5% to at least +8%.

Encouragingly, the Data & Analytics division – which has been the key area of AI-related debate - grew in-line with expectations. We met management following the trading update, and they noted that they expect the revenue growth rate in Data & Analytics to gradually increase from here, as AI drives incremental revenue opportunities. LSEG Management also think they can deliver their growth targets with flat or declining headcount as they drive efficiency and automation across the group.

Spirax Group (2.6% Dividend Yield, 4.6% Free Cash Flow Yield)

Spirax is a global thermal energy management and fluid technology solutions group. Though its industrial clients have faced higher energy costs from the Middle Eastern conflict this year, Spirax has traded well. At the company's recent third quarter trading statement, management maintained guidance of mid-single-digit organic growth, alongside margin expansion. Spirax is very well placed to help its customers electrify their industrial processes and increase efficiency – a helpful long-term demand underpin. Much of the company's revenue is predictably steady, generated either from maintenance expenditure, or relatively low-cost items funded from in-year operating budgets that generate an attractive, short-payback return-on-investment.

Weir Group (2.0% Dividend Yield, 6.7% Free Cash Flow Yield)

More generally, across the fund's speciality engineering exposure, we continue to see an attractive combination of strong competitive positions, structural growth potential and valuation appeal. Weir Group is another example - the global market leader in pump technologies for mineral processing. Its model has attractive recurring revenue, generated from the spares and consumables that support the daily operation of the installed base of mission-critical equipment. This repeat-purchase revenue has proven remarkably resilient across economic cycles, and represents more than 80% of group sales (and more than 90% of profit due to its high gross margins). Weir's mining focus positions it to benefit from structurally growing demand for critical metals such as copper, nickel, lithium and cobalt - all essential for the global energy transition, infrastructure renewal, and reshoring[xiii] of key manufacturing processes. Management target mid-to-high single digit long-term organic revenue growth, which is based primarily on supporting production from existing brownfield mines[xiv]. There is also potential upside over coming years as the greenfield investment project pipeline begins to grow.

The company has had some disruption from the Middle East this year, though at the recent third quarter trading update management reiterated full year growth guidance, and also reported order book growth of +8%.

Shares have de-rated recently. If they continue to de-rate we would not be surprised if, as with Rotork earlier in the year, a trade buyer ran the slide-rule over Weir. The company is a unique industrial asset.

Integrafin (4.0% Dividend Yield, 6.1% Free Cash Flow Yield)

Integrafin has built a strong niche leadership position, via the provision of its Transact investment platform to the UK financial adviser community. Its bespoke platform, reinvestment in product development and close relationship with clients all lead to very high retention rates. Integrafin's share of the UK adviser platform market is over 10% and steadily growing, with the company's share of net inflows into the sector running at over 20% thanks to its strong offering (which includes no margin being taken on interest on any client cash held on the platform, unlike many of its peers whose profitability has become dependent on this factor).

At the recent full year trading statement, Integrafin announced an expectation of +13% revenue growth. Management are also beginning to see significant operating efficiency flow through from the investments they have made in automation and AI enhancements – and as a result expect cost growth to slow to only +3% for this year and next.

This leaves forecasts for earnings growth at +19% for 2026 and +14% for 2027[xv]. Compelling growth, we think, for the quality and the valuation appeal.

Smith & Nephew (2.6% Dividend Yield, 6.5% Free Cash Flow Yield)

Smith & Nephew has been the most disappointing holding from a trading perspective during the third quarter results season. At the recent trading statement, management downgraded organic revenue expectations for the full year from +4% to +3%, and trading profit growth from +8% to +4%. This -4% earnings downgrade was driven by its orthopaedics division, due to a slower-than-hoped turnaround in the company's US knees and hips franchises.

The share price, though, reacted positively to the announcement. Market expectations were low, and management also announced a strategic review of the orthopaedics division – something for which we have been advocating. We think the stock's forward Price-to-Earnings (PE) ratio of 13x in no way reflects the quality and intrinsic value of Smith & Nephew's combined positions in Advanced Wound Management, Sports Medicine and Orthopaedics. We think a successful exit from orthopaedics could provide a significant value-unlock for Smith & Nephew shareholders.

Howden Joinery (2.8% Dividend Yield, 5.8% Free Cash Flow Yield)

Howden, at its recent trading statement, reported sales growth of +5.1% year-to-date. Management also reiterated guidance for the current year. Howden's in-stock model – including vertically integrated manufacturing and a near-sourcing approach – is particularly strong versus competition in times of input cost inflation and supply chain challenge. The company continues to take market share in difficult end market conditions.
We remain of the view that the company is a coiled spring. Kitchen volumes are running more than 20% below the long-term average, lower than the 2009 trough. Howden remains well invested and in a unique position to capture volume upside when it finally materialises. Though not a central expectation for us, there is a credible route to a doubling of earnings if market volumes mean revert over the medium-term.

Volution (2.3% Dividend Yield, 6.9% Free Cash Flow Yield)

Finally – we added a small position in Volution to the portfolio in early October. Volution is a niche industrial compounder, operating in the ventilation sector and underpinned by a range of regulatory, health and environmental structural growth drivers across its UK, Northern European and Australian markets. Volution's competitive position and micro-economics are healthy, reflected in an operating margin of 23% and Return on Invested Capital (ROIC) of 25%. Management are strong capital allocators, and Volution has compounded earnings at an average rate of +12% over the last decade thanks to a combination of organic growth and self-funded bolt-on acquisitions.
Volution – like recent additions Greggs and XPS Pensions – is a domestic market leader. Its share of the UK ventilation market is 30%, and UK sales makes up 45% of group revenues. Cash generation is resilient, with more than 60% of revenue coming from refurbishment work. However, any improvement in the UK housing and commercial construction markets – which have been in the doldrums over recent years - would provide a helpful tailwind for growth.

At last month's full year results Volution announced revenue growth of +16% and earnings per share growth of +15%. Volution's forward free cash flow yield is 6.9%, and the dividend yield is 2.3%.

Hugh, Chris M., Ben P., Leon and the Evenlode team
14 November 2026

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*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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We believe that delivering real, durable returns over the long term is best achieved by integrating ESG factors into our risk management framework. This ensures that all long-term risks are continuously monitored and managed. In addition to considering ESG factors when making investment decisions, we engage with portfolio companies on various ESG-related issues, such as supply chain resilience, cybersecurity, and remuneration, among other things. We view engagement with companies as an opportunity to increase our understanding of the business and gather more information about their risk mitigation and resilience strategies. Ultimately, our goal is to create long-term value for our clients by enhancing the sustainability characteristics of a company. However, we recognise that this requires time and a measured approach. Therefore, we set appropriate engagement objectives and continuously monitor the results. Please note that the fund does not have a sustainability objective.

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Prospectus, the Key Investor Information Documents, the Instrument of Incorporation as well as the annual and semi-annual reports may be obtained free of charge from the Swiss Representative in Lausanne. In respect of the Shares distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss Representative. The issue and redemption prices are published at each issue and redemption on www.fundinfo.com.

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[i] ***Capex (Capital Expenditure):*** *money a company spends on long-term assets such as buildings, equipment and technology, rather than on day-to-day running costs.*

[ii] *Source: FE Analytics: 31st December 2025 to 14th November 2026.*

[iii] ***AAA bonds:*** *Bonds given the highest possible credit rating by the main rating agencies, meaning they are seen as having a very low risk of the borrower failing to repay.*

[iv] ***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 is the total free cash flow generated by a portfolio or index, divided by the market value of the companies in the portfolio or index.*

[v] *Source: Evenlode, Visible Alpha.*

[vi] ***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.*

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

[viii] *Source: Evenlode, Visible Alpha - for all dividend yields and free cash yields, quoted on a next-twelve-month basis.*

[ix] ***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.*

[x] ***Return on Invested Capital (ROIC):*** *Calculated as net operating profit divided by invested capital. A measure of how effectively a company uses the money it has invested to generate profits.*

[xi] ***Bolt-on acquisitions:*** *Purchases of small companies that fit alongside and add to a company's existing business, as opposed to large transformational deals.*

[xii] ***Price/ Earnings Ratio (PE Ratio):*** *A measure of a company's current market valuation compared to its earning potential, calculated by dividing a company's share price by its Earnings per share (EPS).*

[xiii] ***Reshoring:*** *Bringing manufacturing back to a company's home country after it was moved overseas.*

[xiv] ***Brownfield and greenfield:*** *Brownfield mines are existing mine sites that continue to produce or are expanded. Greenfield projects are entirely new mines built on undeveloped sites.*

[xv] *Source: Berenberg.*