Global Opportunities Trust plc

Investor Letter Q1 2026

The portfolio generated a positive absolute return of +3.9% in net asset value over the first quarter of 2026, which is pleasing given the myriad opportunities to lose money provided by markets.

Market background

We have long been cautious of the fervour surrounding the so-called “hyperscalers”. So it was encouraging for us in January when it seemed the market narrative was catching up, with commentators focusing on the huge capital expenditure required to build data warehouses, the impact of this on profits, and questions around where the revenue was going to come from to pay for it all. But rather than cause a reset in mag-7 valuations it actually provided a shot of adrenalin for their wider ecosystem. The Korean and Taiwanese stock markets were buoyed as markets re-priced demand for memory, for example. With companies like Amazon and Alphabet apparently “too big to sell” attention shifted and we had a crash in the share price of any software company perceived to be at risk of disintermediation by AI agents. Then Trump decided to start firing missiles at Iran. Defence stocks went down not up, and “defensive” consumer staples weren’t defensive. At least oil stocks did the obvious thing.

Dynamic themes in practice

The portfolio’s themes change quite a lot over time because their role is to bridge the gap between investing in companies that we think will generate attractive returns on a 5 year view and a portfolio within which we are trying to balance risks on a 12–18 month view. Themes are the glue that help us to understand the key things that are likely to push performance around shorter term, and those things change over time.

We sold Viscofan in early February. Part of our thesis on the stock at purchase was that a potential legal issue in the US had gone away, which explained the valuation opportunity. It looks like that was wrong and when we realised we exited immediately for a small profit since inception in the portfolio. Viscofan was in the portfolio as a cheap mid-cap with a non-cyclical underlying business; part of our “resilient+” theme. We have been struggling to find other “resilient+” stocks and the label didn’t really capture the exposure without Viscofan given 2 of the other 3 stocks were in healthcare.

The key thing about themes to us is how the market relates to the stocks in the portfolio because that is what drives the "clustering" of performance and risk.

The volatility in software stocks in February threw up lots of ideas. We added Raysearch and BoneSupport to the portfolio late in the month. Raysearch's share price was down 24% over the year before we purchased it but 50% since its peak in July 2025. Bonesupport's share price was down 47% over 1 year. It is an orthobiologics company with an injectable bioceramic that is used to fill bone voids. If you break your leg you want the surgeon to use Cerament because antibiotics are contained in the injectable itself rather than administered separately, and nobody else does that. Raysearch is a software business providing a range of products that control, optimise and guide radiotherapy treatment. This is not a business that is likely to be disintermediated by an AI agent using Claude Code. Raysearch and Bonesupport are both fast-growing companies that a year ago were too expensive for us but now bring something different and really valuable to the portfolio at prices we can stomach (courtesy of our growthier colleagues). The portfolio now has significant exposure to healthcare and related companies. In aggregate these 6 companies are a synthetic "conglomerate" that is priced at a c.25% discount to large cap pharma, and with a similar dividend yield, much faster projected growth and lower debt. The portfolio's exposure to healthcare has substantially lower risk from the "patent cliff" that besets many large cap pharma companies and less US regulatory risk. On a 5 year forward basis it is on a high single digit multiple of our forecast earnings which we believe is compelling given the quality of the exposure. We call this theme "inevitable growth" because this is how we think the market will come to price it over time given the "inevitable" demand for its products and services at a time when most higher growth opportunities are dependent either on tech capex or broad economic growth.

Performance explained

The table below shows the contribution to performance from the different themes in the portfolio over the quarter. We have shown this from the perspective of the themes highlighted.

	Weight 31/12/2025	Weight 31/03/2026	Total Return	Contribution
Geopolitical Winners	9.0	9.7	24.0	2.0
Inevitable Growth	8.2	9.1	5.4	0.4
Resilient (Returns ex VPC)	18.4	19.8	-5.5	0.5
Countercyclical Potential	3.3	3.2	-1.6	-0.1
Cyclical Winners	5.3	4.0	-5.3	-0.1
Japanese Reform	9.5	5.6	6.0	0.5
Cash / bonds / other	46.3	48.6	-	-
Total				**3.9**

Note: residual contributions to returns, excluded from the table above, comprise the Volunteer Park Capital Fund distribution and fees. Source: Goodhart Partners, as at 31/03/2026.

Japan reform

The Japan reform theme returned 9.6% over January and February and was looking like it might catch a wave. The preceding year was one of those rare occasions in the last 30 or so when being "underweight" Japan was a negative contributor to relative return for a US based global investor, and that normally leads to positive flows into Japan. New Prime Minister Sanae Takaichi also campaigned on a platform that was strongly stimulative, against a background of domestic disaffection with low wage growth and higher inflation. But strong returns from the Japanese stock market abruptly reversed when US missiles started bombarding Iran, given Japan's heavy reliance on Middle Eastern oil. The portfolio's Japanese exposure sank in March and ended the quarter only modestly positive over the quarter as a whole. Towards the end of the quarter the Trust switched its Japan exposure into a new fund launched by AVI called the Japan Discovery Fund. This is a very capacity constrained microcap strategy that focuses on very small companies with high levels of excess cash and non-operating assets. AVI are experts at actively engaging with company management to unlock this "latent" value. We believe the strategy offers attractive long-term return potential,and the very specialist nature of the exposure has good potential to de-correlate from broad global market indices in any downturn. Over the last 3 years the Trust's exposure to Japan has shrunk as valuations have become more expensive and the focus has moved from larger to small and now to micro sized companies as the specific areas of Japan that we think offer compelling value have evolved.

Cyclical value

Unsurprisingly cyclicals didn't do well once the war in Iran began and so losing only 6bps of absolute return from the portfolio's exposure to Cyclical value might be regarded as something of a victory. The weighting to these stocks was deliberately low and the justification for the stocks themselves is that we think they have significant upside even discounting a substantial economic contraction. But clearly in a "risk-off" environment they are likely to catch negative beta (hence the low weight). Performance for this theme during the quarter would have been worse but for strong performance from Danieli, the Italian steelmaker. It was up almost 30% to the point we sold it in mid-February. Whilst we could see routes to more upside long term the valuation had reached levels where the idiosyncratic upside didn't outweigh the cyclical risk in our opinion. This is a good example of how themes help with discipline because they help us focus on the role each stock has in the portfolio. We were a bit lucky on the timing as it was down 10.7% over the balance of the quarter.

Countercyclical potential

We think Countercyclical potential stocks have the potential to go up when markets go down, depending on the circumstances. Alibaba went down -16.5% so that clearly did not work. However it was a small weight and didn't do much damage. GQG (a bigger weight) actually ended the quarter with exactly the same share price that it started. The 7.3% GBP return on the position was all down to the very large dividend it pays. The jury is still out on whether our thesis on GQG will work but there are encouraging signs. It is a long-only asset management business and so its revenues are clearly sensitive to stock market performance. But it is very defensively positioned in its client portfolios and we think it is well positioned to grow through adverse markets as we believe it has the potential to do better than other large asset managers. Performance of its funds was strong over the quarter.

Inevitable growth, Resilient+ and Resilient

Inevitable growth, Resilient+ and Resilient all performed well over the quarter as might be expected given the market background, but it was definitely a game of two halves. Consumer Staples like Unilever and Nestlé were not defensive in March when we certainly expected that they would be. But the portfolio benefitted from strong performance in telecoms (Orange +24.1% and Verizon +28.2%) earlier in the quarter. Orange is benefitting from consolidation in the European telecoms industry and positive sentiment around efforts to simplify its business. Verizon delivered strong subscriber growth in its results after a protracted period of slow growth, competitive pressure and investor scepticism. The Trust received a significant cash distribution from the Volunteer Park Capital Fund over the quarter as one of its investments was exited.

We bought Diageo in late January aware that it is rather early in its (predicted) recovery cycle. But it was down around 60% from its peak at the point the portfolio invested and our hope is markets will

look through the shorter-term noise and focus on the value of the underlying assets. After an initial rally it ended the quarter down -15.6%. We are prepared to be patient. In some ways the purchase of Diageo is symptomatic of how hard we are finding it to identify high quality resilient businesses at sensible prices. With Diageo we are compromising somewhat on shorter term quality in order to get a price that makes long term sense. People tend to focus on the fact that GLP-1 weight loss drugs and general lifestyle shifts amongst younger generations have reduced alcohol consumption. Whilst this does impact growth potential in developed markets it's not like everyone has stopped drinking alcohol and Diageo is very well positioned in Emerging Markets. At low levels of income per capita people tend to drink cheap local beers and spirits but many Emerging Markets are now hitting the levels where they switch to premium branded alcohol, which is what Diageo provides. Shorter term the new CEO "drastic Dave" certainly has a job to do getting the Diageo house in order but we think the long-term opportunity is very attractive and the valuation today is an opportunity.

Geopolitical winners

Within the Geopolitical winners theme the performance of defence companies was perhaps less exciting than might be expected given the war in Iran. The portfolio's holdings were up over the quarter (RTX +7.9%, General Dynamics +3.7%, Dassault Aviation +17.3%, Qinetiq +2.8%) but much of the performance came whilst the aircraft carriers were steaming across the Atlantic rather than after the missiles started flying. In 2022 defence stocks were slow to adjust as Putin lined his tanks up on the borders of Ukraine. This time was very different and symptomatic of the defence theme now being decidedly in the mainstream. The asymmetry in this space has waned as valuations have risen and that is why the portfolio's exposure isn't larger anymore. We sold Raytheon just before the war began because at over 30x earnings it just wasn't an attractive price anymore, even with very positive forecasts for earnings growth. Raytheon also has a substantial civilian aerospace business and our fear is this proves to be rather more cyclical than is ideal if the war in Iran extends beyond a few weeks and plunges the world into recession.

We wish the portfolio had held more in oil stocks over the quarter. The reason it did not is the potential speed of transition from the obvious spike in oil prices as Trump attacked Iran to the knock-on economic effect that could be bad for oil stocks. Rather than hold more oil we kept overall market exposure low, expecting markets to fall further than they did over March. The resilience of the US stock market was remarkable.

Portfolio framework

The table below provides a summary of the framework within which the portfolio's big picture exposures are currently managed.

	Lower	Core %	Upper %
Stocks	50.0	50-80	90.0
Stocks beta adjusted	40.0	40-60	100.0
Short futures	0.0	0-15	20.0
Gross	50.0	50-90	110.0
Net market exposure	50.0	50-70	70.0
Net market exposure beta adj	40.0	40-70	70.0

Source: Goodhart Partners, as at 31/03/2026.

At quarter end the portfolio was wholly invested long only. However the framework for managing the portfolio includes some discretion to short futures in order to reduce risk. This should be seen as a valuable tool that may be used in future.

At the moment the portfolio is positioned very defensively with gross exposure to equities at quarter end of 51.5%. The balance of the portfolio is in short-dated Government bonds, cash and money market funds. We are prepared to be patient but keen to deploy more capital and bring the long equity exposure up to around 70% when appropriate. We have lots of good stock ideas competing for space in the portfolio. However, in the current market environment we do not fear low market exposure and are very focused on avoiding downside risk. Our aim is for the portfolio to have less than 20% of equity market downside on a 12-month view. So, if the global equity market was to fall 25% in 2026, we will not have met our objective if performance of the net asset value of the Trust is worse than -5%. Obviously, we want to do much better and equally obviously we could do much worse. But for the time being this objective is paramount in every portfolio decision we make.

Gaming geopolitics and portfolio behaviour

Most people have heard of the "prisoner's dilemma" in game theory. The essence of the prisoner's dilemma is that people should act selfishly even though a better potential outcome is available if they co-operate. Robert Axelrod published a book in 1984 called "The Evolution of Cooperation" that looks at how cooperation emerges and persists in situations where the prisoner's dilemma is played multiple times in succession rather than just once. This is because over multiple games the participants in the game learn to trust each other and so cooperate to get a better result. In order

for this to work anyone that "defects" by not cooperating in a single game must be punished, but then the other party must also "forgive" so subsequent games can return to a cooperative state. If the defector is not punished or the other party does not forgive the system breaks down and everyone ends up with a worse result. The key question with Trump and all the different things he has been saying and doing since starting his second term is whether the system has broken down. Is Trump (the defector) going to be punished (and how?) and if so, are the other parties going to forgive? When Trump leaves the White House will geopolitics and international relations settle back into the game the way it used to be played or have the rules changed forever? The implications for investing are seismic. In the former situation historic patterns and heuristics will reassert themselves. But we think this is a different game now. The forces that shape the world were already creating friction and conflict but Trump has pushed things beyond breaking point. If we are in a new game it is important to question investing habits that have been formed when the rules were different.

Experience in recent years tells us to "buy on the dips" not sell but we are now in a different game. Public equity markets are very expensive and the profits of hyperscalers are under significant pressure. Private markets are worse, and creaking under the pressure to exit deals. Cramming private credit into ETFs to sell highly illiquid strategies to retail is utter madness, in our opinion. It is a symptom of the problem not a solution to it. Historic pioneers of private capital markets like the Yale Endowment are trying to offload their private assets into the secondary market. The Ontario Teachers pension fund reportedly posted a negative absolute return on its private equity investments over the last year. SpaceX and OpenAI are racing to get their IPOs away before the music stops. Bond yields are backing up. And all of that was before the war in Iran. The ingredients for a dramatic fall in asset prices are obvious. Rather than try to second guess the shorter term gyrations of markets as they react to international relations being conducted by Instagram, we are focused on portfolio structure and balancing risk.

Focused on portfolio structure and balancing risk, not second-guessing the gyrations of markets

Current portfolio

The tables below provide a granular view of portfolio holdings, starting with some analysis of the stocks held at quarter end.

Name	Weight	Theme	Country	Sector	Mkt Cap
GQG Partners Inc	2.1	Countercyclical Potential	USA	Financials	3,647
Alibaba Group Holding Limited	1.1		Hong Kong	Consumer Discretionary	273,417
Cicor Technologies Ltd	1.6	Cyclical Winners	Switzerland	Information Technology	651
PF Bakkafrost	1.6		Denmark	Consumer Staples	2,801
Jet2 plc	0.8		UK	Industrials	2,896
Eni SpA	2.4	Geopolitical Winners	Italy	Energy	83,817
Dassault Aviation societe anonyme	2.3		France	Industrials	30,131
TotalEnergies SE	2.1		France	Energy	195,680
QinetiQ Group plc	1.5		UK	Industrials	3,331
General Dynamics Corporation	1.4		USA	Industrials	95,030
Laboratorios Farmaceuticos Rovi SA	2.1	Inevitable Growth	Spain	Health Care	4,881
Koninklijke Philips NV	1.8		Netherlands	Health Care	25,896
Terveystalo Oyj	1.6		Finland	Health Care	1,247
Sanofi	1.5		France	Health Care	115,122
Bonesupport Holding AB publ	1.1		Sweden	Health Care	1,518
RaySearch Laboratories AB	1.0		Sweden	Health Care	707
AVI Japan Discovery Fund	5.6	Japanese Reform	Japan	Funds	-
Volunteer Park Capital Fund	5.6	Resilient	Luxembourg	Funds	30
Orange SA	3.5		France	Communication Services	54,893
Unilever Plc	2.5		UK	Consumer Staples	120,630
Verizon Communications Inc	2.1		USA	Communication Services	207,299
Carlsberg	2.0		Denmark	Consumer Staples	17,275
Nestle SA	1.8		Switzerland	Consumer Staples	252,578
Diageo plc	1.7		UK	Consumer Staples	40,965
Origin Enterprises plc	0.6		Ireland	Consumer Staples	575

Whilst the portfolio is highly focused from a thematic perspective it is very diverse in other ways. The range of market capitalisation for stocks in the portfolio is wide, for example. The portfolio also spans stocks that are "value", "growth" and "quality". Whilst it is currently heavily skewed towards Europe, the range of countries and industries is wide. That said the "story" the portfolio is telling should also be obvious. It is heavily exposed to businesses offering "tangible" products and services that are essential, from food to drink, defence to oil, healthcare to telecoms.

The table below provides more detail on the thematic positioning of the portfolio, along with some metrics to help understand the financial profile of each component:

	% Weight	Current PE	Fwd PE	5y EPS CAGR	Div Yield %
Resilient	19.8	13.5	10.7	4.7%	2.9
Geopolitical Winners	9.7	11.9	8.2	7.9%	2.8
Inevitable Growth	9.1	15.6	9.6	10.3%	3.2
Japanese Reform	5.6	16.3	10.2	9.9%	2.1
Cyclical Winners	4.0	12.1	6.9	11.8%	0.8
Countercyclical Potential	3.2	9.9	5.0	14.9%	8.3
Cash and Bonds[1]	**48.5**				
Equity	**51.5**				
Hedging	**0.0**				
Net Market Exposure	**51.5**				

1. We haven't provided a breakdown of the cash and bond investments of the portfolio because they are essentially "dry powder". The bonds are all short-dated Government bonds — a mixture of gilts, bunds and treasuries. Source: Factset. Figures at 31 March 2026 except Fwd 1y PE which is consensus. 5y PE and 5y EPS CAGR are Goodhart estimates. Making 5 year forward forecasts is subject to substantial potential for error.

The valuation of the equity exposure compares favourably with broad global equity market metrics (if we are correct in our forward forecasts for earnings). We also believe it compares favourably from a quality and a growth perspective. The strategy isn't explicitly income focused but we have significant "respect" for the positive impact income can have on returns during adverse markets in particular.

The overall portfolio positioning is very defensive with low net market exposure. Our quantitative tools forecast a beta relative to global equities of c.0.2. This is consistent with our stated risk tolerance.

Please feel free to reach out with any questions or suggestions, and thanks for your support.

IMPORTANT INFORMATION

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