

The Global Leaders Strategy invests in a concentrated portfolio of market-leading companies from across the globe. We believe that companies that combine exceptional outcomes for their customers with strong leadership can generate high and sustainable returns on invested capital (ROIC) which can lead to outstanding shareholder returns.



Mick Dillon, CFA
Portfolio Manager



Bertie Thomson, CFA
Portfolio Manager

Competitive Advantage or Customer Advantage

Dear Fellow Investors,

Thank you for your support throughout 2025 and over the past 10 years. Global Leaders passed its first decade milestone last May and it kicked-off some introspection starting with our first topic below: just why do we spend so much time worrying about customer outcomes before thinking of shareholder returns? Was Milton Friedman correct after all that the sole purpose of a corporation is to maximise profits?¹ Could we have the most basic principle of our thinking backwards? A casual re-reading of some of his work suggests his focus was not as narrow as the reductionist quotes imply.² He states clearly that maximising *long-term profits* necessitates maximising customer welfare through consumer sovereignty and choice, and that customer welfare is a byproduct of profit-seeking.³ We will delve into some of our thinking on this topic next. We also discuss when passive investing becomes more active than most active managers, ‘AI losers’ and our ‘cautiously constructive’ mindset for investing in artificial intelligence (AI) today.

Customer Loyalty and Long-Term Advantages

We begin every investment by asking how the business we’re evaluating solves a problem for its customers. A customer’s needs adapt and morph over time so one must be constantly seeking to improve their welfare or help meet new desires as they arrive. Lots of businesses don’t do this. Ultimately, it’s likely these companies will be competed out of existence and investment returns short-lived. One of the topics at our Annual Offsite during 2025 was a discussion on how we could bring more structure to defining a great customer outcome and tying this back to the moats around the business. A simple example is that a great customer outcome should create a

¹ The exact quote from his 1970 New York Times Magazine article is “*there is one and only one social responsibility of business—to use its resources and engage in activities designed to **increase its profits***”

² In particular “*The Social Responsibility of Business is to Increase Its Profits*” article from The New York Times Magazine in December 1970 and a few chapters from his book *Capitalism and Freedom*

³ In economics consumer sovereignty is the principle that consumer preferences dictate what goods and services are produced in a market economy, where consumers effectively “vote” with their money to signal demand thus compelling businesses to supply what customers want to make a profit.

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switching cost moat; the customer doesn't want to leave. Over the summer, we read "*Investing in Hidden Monopolies*" which inverted the traditional business school framework of competitive advantage into "customer advantage".⁴

One problem with competitive advantages is that they typically weaken over time. We often examine the duration of a company's moats and competitive advantage period (CAP). Those in the highly innovative industries, such as AI within technology, typically have a significantly shorter CAP compared to industries such as aerospace. For example, manufacturers of aircraft engines, such as GE and Safran, enjoy exceptional longevity; once an engine is on wing, they can have visibility into 25 years of free cash flow. Duration of a moat can matter more than its size. It is also important to understand what customers are really paying for. In technology, for example, people often pay up for innovation – this means that lower cost advantages from scale do not provide a defence given this high willingness to pay! In fact, scale can quickly become a burden to delivering the innovation desired and customers will likely defect rapidly despite a lower price. Each case has its own nuance.

"I constantly remind our employees to be afraid, to wake up every morning terrified. Not of our competition, but of our customers. Our customers have made our business what it is, they are the ones with whom we have a relationship, and they are the ones to whom we owe a great obligation. And we consider them to be loyal to us—right up until the second that someone else offers them a better service." – Jeff Bezos

One question that we ask before investing is: 'If money was no object, could we enter this market and steal these customers?' Would they want to leave or are they loyal for non-commercial reasons? Businesses that are customer obsessed probably have more duration than those overly focussed on competitors. It is a point that Amazon's Jeff Bezos has made in multiple (1998 and 2017) annual shareholder letters.⁵ In the end, customers vote with their feet for a superior product or service, so satisfying these needs – irrespective of rivals – should be enough. It is true that relative competitive advantage hinges on the actions of rivals, but customers are your revenue, thus one needs a 'customer advantage' to thrive in the long run.

It is instructive to look at a couple of subscription revenue businesses that at first blush appear to have similar characteristics. Enterprise subscription software companies, such as Global Leaders' investment Autodesk, typically have highly recurring revenues with 95% (or higher) annual retention rates. We will call this model Hi Loyalty Co. Despite a similar subscription revenue model, the presence of monthly cancellation terms means that consumer entertainment subscription businesses, such as Netflix and Spotify, run at 97-99% monthly renewal rates. However, this monthly churn rate of 1-3% annualises to retention rates of 70-85%.⁶ We will call this model Low Loyalty Co. Putting these numbers into context, we can see

⁴ *Investing in Hidden Monopolies* by Patrick J. Wierckx

⁵ *Invent and Wander: The Collected Writings of Jeff Bezos, with an Introduction by Walter Issacson*

⁶ Both disclose *monthly churn* rates of 1-3%. Annual retention rate is 0.97^{12} to 0.99^{12} = 69-87%!

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from the table below that it leads to dramatic differences in new customer recruitment in order to grow revenues at 10% per annum.

| Loyalty Quantified | Loyalty rate | Starting Customers | Lost annually | Need to grow 10% | Ending Customer | % new p.a. |
|--------------------|--------------|--------------------|---------------|------------------|-----------------|--------------|
| Low Loyalty | 75% | 100 | -25 | +35 | 110 | 35/110 = 32% |
| Hi Loyalty | 95% | 100 | -5 | +15 | 110 | 15/110 = 14% |

Source: Brown Advisory hypothetical calculations.

This table highlights the wild difference in mentality of a low loyalty company in order to end in the same place of 10% overall growth. Low loyalty leads to growth at all costs – nearly one-third of the exiting year customer base is new within each year. That is a high churn cohort with a short lifetime duration. However, Hi Loyalty Co can focus on keeping the current customers happy and coming back with less than one in seven of their customers being new each year in order to grow at 10% per annum. Small differences in monthly churn compound to large differences in annual retention and customer lifetime value. Loyalty drives enormous differences in annual costs – Low Loyalty Co has to spend on incentives to attract new customer recruitment via sales and marketing whereas Hi Loyalty Co can spend more on customer retention and satisfaction due to a significantly lower need for new cohorts each year.

There is a multi-year twist on this analysis to account for the duration of customer commitments – a three-year contract is worth more than something which can be cancelled monthly. If Hi Loyalty Co’s average contract length is four years, then we need to look at retention rates within the cohorts that are up for renewal within each year. Of the 100 customers at the start of the year, only 25 were up for renewal, so the 5 lost customers meant the contract renewal rate was 80% (100%-5/25). The customers are more loyal because they committed to longer relationships in the first instance.

A popular metric often disclosed by subscription businesses is cohort analysis of net revenue retention (NRR). This combines annual customer retention rates, which reflect volume lost from churn, with changes in like-for-like price as well as any mix benefit from upselling or cross-selling additional products and services. A ‘good’ NRR is generally considered to be over 110%. To illustrate this for Hi Loyalty Co: with an annual retention rate of 95%, the business experiences a 5% volume loss each year within the cohort, so achieving an NRR of 110% requires a 15% annual increase from pricing and mix effects to offset the churn. If annual price inflation is roughly 5%, then these customers who have likely entered multi-year contracts are taking around 10% more of the company’s products, services and add-ons each year. They appear to be remarkably loyal customers!

A key question is are they satisfied or are they locked-in? Switching costs can come from a friction, such as being satisfied, or an explicit cost to move. Loyalty from high satisfaction is the virtuous circle of capitalism in action; loyalty solely from captivity is potentially toxic for long-

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term investors in the company. Captive customers can have terrific NRR and high customer retention rates, but nobody likes entrapment. Given half a chance, they would probably leave for an inferior product or service. This is where Net Promoter Score (NPS) comes in.⁷ When customers have NRR over 100% and high recurring annual contract renewal rates, then a high NPS is indicative of satisfaction; a low (or in some cases negative⁸) NPS is a clear sign of customer dissatisfaction and potential entrapment. For these businesses, it is not loyalty which keeps customers coming back and the terminal value is at risk.

One final question for now relates to deferrable demand: can the customer delay the purchase for extended periods of time? In essence, is it discretionary? We have multiple investments in companies that can be broadly categorised as ‘industrial aftermarkets’. For many of these companies, the purchase of their products such as security systems at Allegion, replacement car parts at AutoZone, plumbing supplies at Ferguson, could be delayed but not postponed indefinitely. That door lock cannot stay broken forever. Whilst not perfect, this brings an element of resilience and downside protection to our investments as macro-sensitivity is dampened.

In the end we are looking for a ‘win-win’ symbiosis where the wins for customers lead to great outcomes for shareholders. Three of our core principles connect these dots. In our view, customers are the most important stakeholder in any business, without them you have no revenue. Secondly, return on invested capital (ROIC) is the link from revenue to cash flow. Lastly, free cash flow defines long-term investment value. Hence, our focus on superior customer outcomes – we want happy customers to keep coming back (and tell all their friends!). The subtitle of *Hidden Monopolies* is “why customer loyalty creates superior moats and how you can profit”. Ultimately a company’s cash flow comes from the behaviour of its customers. True value is found in the hearts (and wallets!) of customers; hence, we start all our analysis with them.

Passive Investing Today Necessitates Taking Active Bets

Investing is both about rejecting losers as well as finding winners and we went into depth on this in our [Darwinian Investing](#) letter. We commented on the narrowness of returns within the MSCI ACWI Index last year in our [2024 Annual Review](#). In 2025 we saw a similar trend with just 31% of companies outperforming the S&P 500® Index.⁹ This narrowness is historically unusual. Looking back at the S&P 500 Index in the chart from Ned Davis Research below, we can see there are a few periods of intense concentration in returns such as 1972/73 (Nifty Fifty), 1998/99 (Internet) and once again today. Market breadth significantly widened after each concentrated episode

⁷ Net Promoter Score (NPS) is a measure of customer loyalty based on the survey question: "How likely are you to recommend XYZ to a friend or colleague?". Bain & Co who first published NPS claim it predicts overall company growth and customer lifetime value. *The One Number You Need to Grow* by Frederick F. Reichheld, Harvard Business Review (Dec 2003)

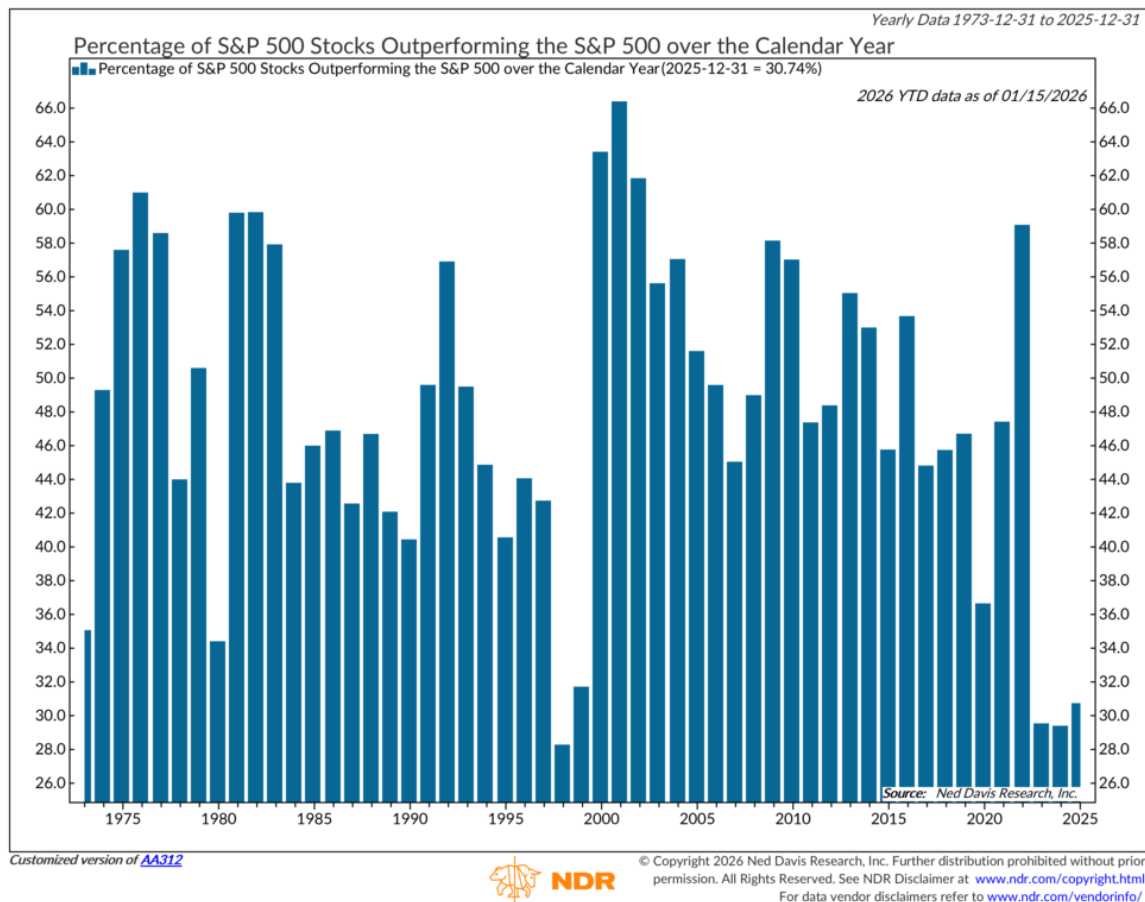
⁸ US Cable companies often have NRR over 100% and high customer retention. Due to the local monopoly characteristics customers rarely have much choice. Buy their service or no internet... Negative NPS means customers hate them because they have poor service and no choice. Technology disruption is an enormous risk here as they will leave in droves for an inferior but ‘good enough’ option.

⁹ Source: Ned Davis Research

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and active managers typically outperformed as benchmark hit rates¹⁰ went above 50%. It is not going too far to suggest that the exact time to buy active managers is right after significant narrowness.



Source: Ned Davis Research

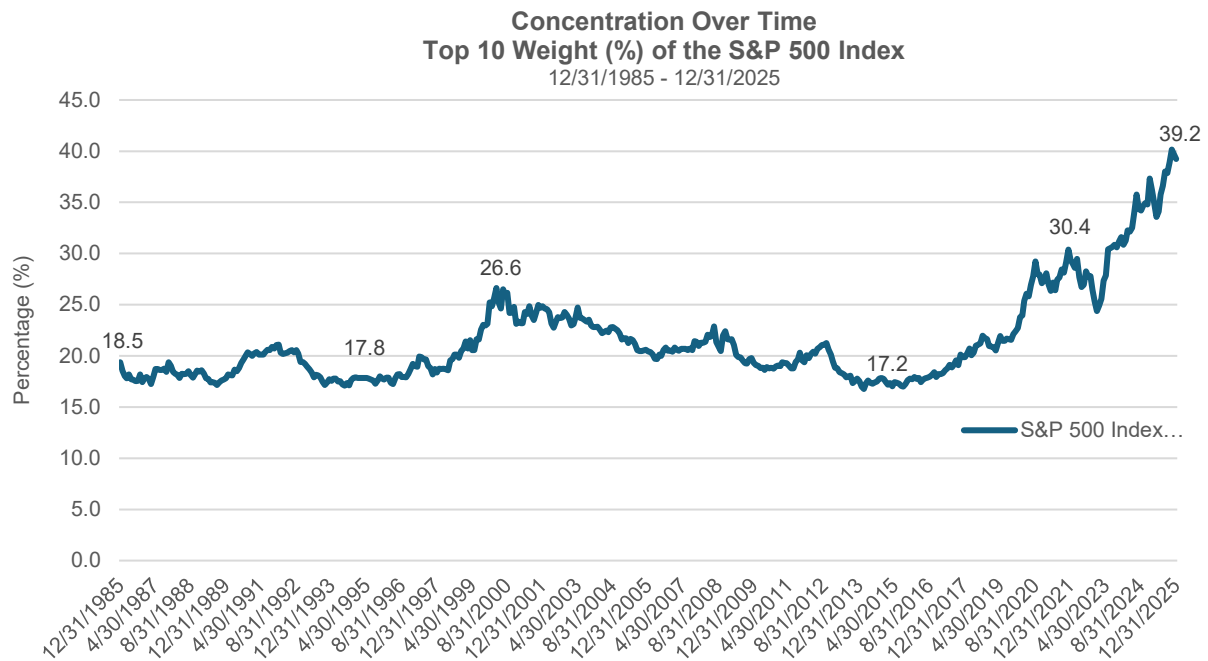
Looking back to 2010, one notable quantitative conclusion at the time was that the easiest way to outperform a broad benchmark for the prior decade was to equal weight it. With average annual hit rates significantly over 50% from 2000-2010 in the S&P 500, the equal-weighted version meaningfully outperformed the market-cap weighted index. The opposite has been true recently. It looks to us like things are starting to get a bit extreme. In the chart below, you can see that the top 10 constituents made up just under 40% of the market capitalisation weight in the S&P 500 Index at the end of 2025. This is well above prior peaks of approximately 30% in 2021

¹⁰ The number of companies within the benchmark outperforming the market cap weighted version of the benchmark. Typically, this means small caps are outperforming large caps and active managers find it easier to outperform.

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and 25.5% in both 1980 and 1999. There is no magic limit here, we just feel it's getting a bit too heavy. At some point a passive allocation starts to become a highly active bet!



Source: FactSet, as of 12/31/2025.

Ironically, portfolio diversification is now starting to come from allocations to active managers, not the Index. We are approaching the point of *reductio ad absurdum* in the Russell 1000® Growth (R1000G) Index in the U.S. Passive investing was once seen as capturing the benefits of diversification. With roughly 400 companies in the R1000G, historically no single investment was more than a couple of percent weight and only mild sector tilts to technology and health care meant the ‘factor capture’ was U.S. growth. If any individual name went wrong and ‘blew up’ you would still have a degree of protection from the diversification. Whilst we firmly believe in concentration, unwittingly doing so is risky. Today the top 10 names are roughly 60% of the R1000G! A passive investment into the R1000G is inherently taking a very concentrated active bet – indeed, many active managers have rules such as the UCITS requirements in Europe or the 40 Act restrictions in the US specifically preventing them from taking such concentrated risks. Who imagined that large public pension funds (a couple of whom we are lucky enough to work with) would need to add active managers to their asset allocation model to diversify risk, reduce volatility and frankly balance their portfolios?

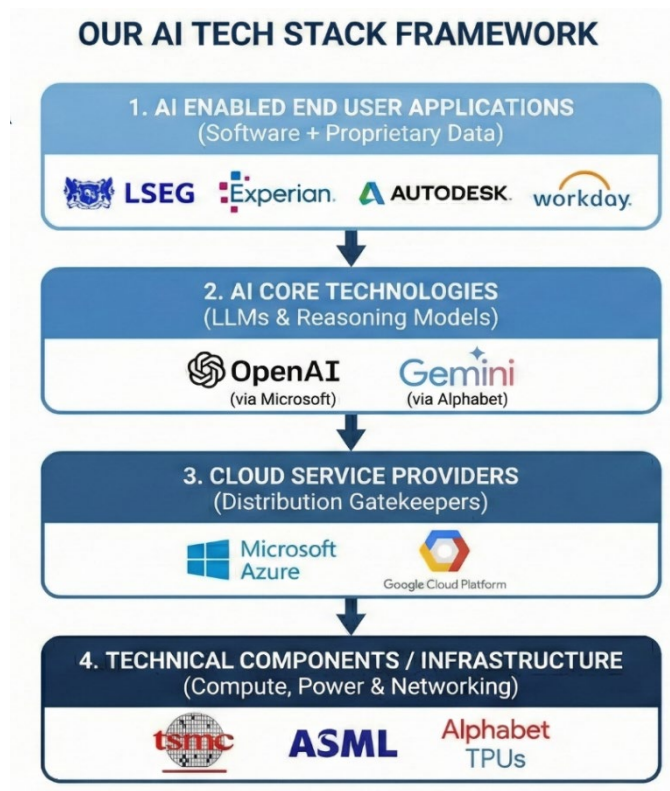
This might all seem a little self-serving but in truth, to us, it justifies our absolute return focus. If we deliver double-digit annual absolute returns over time in line with our investment underwriting, we think the relative measures will take care of themselves.

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Are 'AI Losers' Attractive?

One recurring commonality over the past couple of years has been the emergence (to us!) of value in a number of 'AI losers' such as London Stock Exchange Group, Experian, Equifax, Workday and Alphabet. The long-run concerns for these software and proprietary data companies can be distilled down to questions about the duration of their moats and the risk from substitution by start-up AI rivals. Alphabet is illustrative. Since the launch of ChatGPT to the public in late 2022, the investment narrative on Alphabet has oscillated between AI loser to AI winner and back again twice over! The Transformer technology (the "T" in ChatGPT) was invented at research labs inside Google. As were many innovations on top of Nobel laureate Geoff Hinton's 'mixture of experts' algorithm which is critical to all Large Language Model (LLM) reasoning models.¹¹ Google employees have won five Nobel prizes in the past two years across AI and quantum computing. It seems to us that Google is pretty close to defining the AI frontier. Alphabet is also the only fully vertically integrated company with leading positions right across our four-layer AI tech stack framework.



Source: Brown Advisory. Holdings as of 31/12/2025 and are subject to change.

¹¹ Hinton was a long-time Google employee after selling his company DNN research to them in March 2013

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We have laid out our four-layer tech stack framework for investing in AI consistently since our 2023 Investment Letter [The Hidden Trouble Within](#). This tech stack framework still makes sense today. A summary with some example investments is:

1. AI-enabled End User Applications (often software, typically with proprietary data): London Stock Exchange Group, Experian, Autodesk
2. AI-core technologies: LLMs, transformers, “chain of experts” models etc: OpenAI (via Microsoft), Gemini (via Alphabet)
3. Cloud Service Providers: Azure (via Microsoft), Google Cloud Platform (Alphabet)
4. Technical Components such as GPUs, ASICs, power, networking: Taiwan Semiconductor (TSMC), ASML Holding (ASML) and TPUs (via Alphabet)

We have investments across all four layers although some are indirect such as the core enabling AI technologies including LLMs through Microsoft (OpenAI) and Alphabet (Gemini). Today, if you want to embed OpenAI’s models, then you can only access them via Microsoft’s Azure cloud. It is the same for the Gemini LLM via the Google Cloud Platform. We have seen significant change in our investments in the AI-enabled software layer at the top of the stack where we judged the risk from disruptive competition shortened the competitive advantage periods at Adobe and Wolters Kluwer thus reducing our potential returns. Conversely, we initiated new investments into Experian, Equifax and Workday at the top layer during the year. It all comes down to the duration of the customer advantages and that is firmly where the investment debate is raging today.

[Our Definition of Risk: Supply-Side Competition \(and Regulation\)](#)

AI is incredibly fast moving. In 2025 alone we have seen innovations from DeepSeek in China in January in both hardware and software to ‘chain of experts’ and ‘deep thinking’ reasoning models becoming the default standards for advanced AI. The conceivable disruption across a multitude of industries including advertising call centres, IT services and legal drafting, for example, is far ahead of current adoption. This will likely lead to years of change across huge parts of the global economy. Scaling ‘laws’ within model training also appear to be holding and over the course of 2025 we have seen three or possibly four LLMs really pull away from the pack: OpenAI’s GPT, Anthropic’s Claude, Gemini at Google and potentially Grok at xAI which will likely be the first Blackwell trained model coming in early 2026. Previously we saw a risk that the LLM models could become a commodity, now we are not so sure. It seems feedback loops from reasoning models combined with reinforcement learning create a one-sided network effect from scale. Whilst one doesn’t need a frontier model to power enterprise co-pilots, the number of leading LLM players narrowed during 2025. Either way, our investments in AI lie primarily within companies that have significantly less risk of disruption in a rapidly changing environment. We often note that supply-side competition is the biggest risk in our strategy, nowhere is this more evident than in AI. Carlota Perez’s cautions that technical revolutions

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recurringly lead to overinvestment in the short term, even for societal transforming technologies which live up to their hype and potential in the long run.¹²

One obvious area of supply-side competition right now is in building infrastructure for AI. One miscalibration we made was *underestimating* the size of the infrastructure build necessary to support AI adoption.¹³ The nascency of the AI infrastructure build and mismatch with demand means that the narrative (but not always the numbers) can change exceptionally quickly. So how do we think about this on a three-to-five year view especially given our large investments in Microsoft and Alphabet? Today we are cautiously constructive and invested in multiple parts of the AI tech stack as noted above. The diffusion of AI within the broader economy has barely begun. Some highly visible technology jobs, such as software coding, have seen rapid disruption and automation – who recalls the severe shortages of software engineers during the Covid-19 pandemic now? How rapidly times can change! Yet other areas of knowledge work are only just beginning to reap the productivity and efficiency benefits of AI. The diffusion of AI into everyday life and broad parts of the economy remains ahead. In fact, it has barely started for most people despite 800m weekly active users on ChatGPT. Physical AI in factory automation and warehouse logistics remains in its infancy, health care robots are still in the AI labs, transportation AI, which is arguably the most developed physical AI so far, is really yet to begin to scale outside a few city trials. Waymo is a terrific experience, in our view, but has less than 2,500 cars on the road; Tesla has only just started trialling rides without a ‘safety driver’ in one city. The future where token-hungry agentic AI personal assistants book our travel and weekly shopping has yet to begin.

“When I see a bubble forming, I rush in to buy, adding fuel to the fire. That is not irrational.” - George Soros

There is almost a dichotomy on timing within AI today. In the short one-to-two year view, we still see supply-side shortages throughout the AI supply chains from land, power and water right up to the latest GPUs from Nvidia and through to serving end demand via API calls into OpenAI and Anthropic’s LLMs. The infrastructure boom in AI as everyone rushes to meet this demand shows no signs of abating in the near-term. Demand continues to outstrip new supply which is immediately taken up as it comes online leading to a capital cycle supply-side buildout reminiscent of what we witnessed in the internet fibre-optical build out from the late 1990s and have read about in history books from railways in both the U.K. and U.S. in the 1800s.¹⁴ Timing the boom/bust is likely beyond us, and not something we are trying to do. Markets can get much

¹² *Technological Revolutions & Financial Capital: The Dynamics of Bubbles & Golden Ages* by Carlota Perez

¹³ Datacentres in space to support inference make perfect sense from first principles, although not yet economically. Project Suncatcher at Google is working on this as are teams for Jeff Bezos and Elon Musk. (<https://research.google/blog/exploring-a-space-based-scalable-ai-infrastructure-system-design/>)

¹⁴ *Boom: Bubbles and the End of Stagnation* by Byrne Hobart and Tobias Huber

Famously railways in the UK accounted for over 6% of GDP. AI today is estimated to be somewhere around half of all US GDP growth and 2% of GDP admittedly on a much broader US economy.

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more optimistic than rationality imagines.¹⁵ In December 1996, then Fed Chairman, Alan Greenspan, made his famous ‘irrational exuberance’ speech; the internet bubble kept inflating for over three more years into March 2000 with the Nasdaq Composite Index up over 85% in 1999 alone despite half of its constituents actually declining that year!

“Markets can remain irrational longer than you can remain solvent” – widely attributed to Keynes

It is probably tempting fate but we see no reason for a 2026 slowdown in spending right through the AI supply chains, in fact, the cloud computing providers continue to increase their capital expenditure (capex) investment plans for 2026 as demand outstrips supply. Nonetheless we did note a subtle shift in language from our meeting with the Anthropic CFO in December. Anthropic were “compute-constrained” right throughout 2025 and subsequently throttled external customer demand in order to allocate scarce and valuable computing power to LLM training. However, management also believed that they had already secured enough compute to satisfy 2026 requirements. It is a marginal shift but unless demand inflects higher, (totally possible as AI applications are adopted) then it hints to reaching some sort of equilibrium in the next couple of years. The issue is that with supply coming online in such huge increments, it means that we are most likely to overshoot from shortages to excess capacity – a stable transition is highly unlikely! We also noted a shift in language around GPU shortages at the UBS technology and AI conference in early December. Whilst power remains in critical under-supply, GPUs (and networking) were no longer seen as grave problems especially when looking into the second half of 2026. This is an interesting development; it was one reflected in an insightful biography on Nvidia founder Jensen Huang that we read over the break too.¹⁶ When we spoke with CoreWeave management at the end of 2025, they were seeing old A100 and H100 GPUs which come off multi-year rental agreements re-contracting for renewal rates at 95% of the original price. On a fully depreciated GPU that is some gross margin! However, that sort of supply/demand imbalance can turn on a dime. Picking short-term winners and losers in this dynamic environment seems fraught with downside risk. On a three-to-five year view it is more likely that supply will catch up to demand. We wrote about [The Capital Cycle](#) in our August 2022 letter; AI is the biggest one we have ever seen. That brings both incredible opportunity and clearly much risk.

Adding debt to fuel the AI fire only really started in earnest in 2025, with much of the debt held off balance sheet in Special Purpose Vehicles (SPVs) and AAA ratings remaining intact at big tech companies.¹⁷ In a number of cases, the debt at big tech companies is higher rated than the U.S. Government’s. Whilst the “balance-sheet-as-a-service” business models of neo-clouds scare us, there is no immediate obvious risk so long as demand for AI compute continues to run significantly ahead of supply. So, the supply-demand balance remains the key. Lastly, no-one

¹⁵ Over the past 80 years since 1946 (so post-World War 2) for bull markets in the S&P500 lasting over one year (n.b., almost all) the median CAGR is 20% and median duration is 4.1 years. Our current episode is just over 3years in and up 22% CAGR. Timing off averages seems very difficult. To be honest, who knows?

¹⁶ *The Thinking Machine: Jensen Huang, Nvidia, and the World's Most Coveted Microchip* by Stephen Witt

¹⁷ Many economists consider low interest rates and loose credit necessary pre-conditions for a bubble. See *Boom and Bust: A Global History of Financial Bubbles* by J. D. Turner & W. Quinn

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can afford to miss out – it is a game theorist’s delight!¹⁸ Hence, we are ‘proceeding with caution’ to use Howard Mark’s famous words.

So, what does caution look like in practice? Firstly, it starts with taking a long-term view. Our Cloud Service Providers, Azure and GCP, are monetising at scale, growing multi-billion-dollar revenue AI businesses in the triple digits. These are the long-term winners, not the neo-clouds. Outside the clouds, our investments in Taiwan Semiconductor Manufacturing Company (TSMC) and ASML at the technical component level are taking far less of a view on the supply side risk of the build out. We are largely indifferent to which fabless semiconductor company wins share in the GPU/XPU gold-rush build out. Today, *all* these semis for Nvidia, Broadcom, Advanced Micro Devices and Marvell will be made in TSMC’s factories using ASML’s tools. As we look across the AI infrastructure tech stack, we have critical monopolies in the bottom layer (TSMC, ASML), two of the leading AI cloud oligopolies (Microsoft Azure, Google GCP), indirect investments in two of the three leading LLMs via Gemini at Google and OpenAI at Microsoft and multiple investments in the top layer application level. It is here at the AI-enabled End User Application layer that things get most interesting on a three-to-five year view. The potential for disruption is obvious, and we have exited two prior investments as noted above. However, so is the potential benefit to incumbent software and especially *proprietary* data providers today.¹⁹ We detailed some of our current thinking above and in prior quarterly strategy updates (see [3Q 2025](#)) but on a three-to-five year view, looking at ‘customer advantages’ and continually assessing downside protection will guide our thinking as to how to best invest your capital alongside ours.

“No Man Steps in the Same River Twice”

This quote, which is around 2500 years old from the Ancient Greek philosopher Heraclitus, is often rewritten as ‘the only constant in life is change’. Nowhere is this more true and yet more wrong than investing. Change is all around us, as demonstrated by AI. This huge and fast-paced dynamic is ripe with opportunity and risk; we are attempting to calibrate both. In our [Software is Eating the World](#) letter from June 2021, we discussed the contrast of compounding knowledge versus expiring information and we need to ensure that we do not drown in a sea of rapidly expiring AI data points.²⁰ If we abstract ourselves to a long-term compounding mindset, then unchanging are our three core principles, starting with: a focus on our companies’ customers, ROIC and finally free cash flow. Naturally, we challenge ourselves to test if they are still applicable. So far, so good.

The rapidity of change and opportunity to learn is what makes this job so interesting and challenging. Each year, we deliberately focus on getting better through marginal refinements to our investment processes whilst working closely with our behavioural coaching team to enhance the quality and consistency of our capital allocation decisions. Inevitably market leadership rotates hence our philosophy centres on a longer-term horizon of five years to

¹⁸ It has the hallmarks of the famous “Dollar Auction” game theory test. Participants bid in \$1 increments on a \$20 bill, but both winner (who gets the \$20) and the runner-up (who doesn’t) must pay their bids. To avoid losing a potential runner-up will escalate commitment and bid over \$20 so both lose money.

¹⁹ Especially those with multi-year contracts and high customer retention rates as discussed above!

²⁰ Some of which appear in the section above – they will not age well; we expect our principles will.

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identify mispriced opportunities. This is time arbitrage in action, but it can sometimes take patience to wait. We remain confident that our growth mindset and continuous marginal improvements will ensure we remain well positioned to deliver a superior customer outcome for our clients. We thank you for your investment, for reading and for being with us on this journey. We look forward to catching up with many of you soon.

Mick, Bertie, and the Global Leaders Team

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Net Revenue Retention is the percentage of recurring revenue retained from existing clients over a specified period, reflecting the combined impact of client expansions, reductions, and attrition, and excluding revenue from new clients.

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