



GLOBAL EQUITY STRATEGIES

Q2 2026



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Q2 2026 GLOBAL EQUITY INVESTOR LETTER

Dear Fellow Investors,

Our City Different global equity strategies posted solid gains in the second quarter, though they trailed a hot global market driven by AI euphoria. For the quarter, Focused Global returned +7.08%, and Global Equity returned +5.36%, versus the MSCI All Country World Index return of +14.93%. Year to date, Focused Global has returned +11.28% and Global Equity +5.29%, versus the index's +11.25%. See more performance data in the accompanying table.

Although six months is not a useful measurement period, our results this year add to the gains we have enjoyed over the long term. For nearly 25 years, our team has managed global investments using our time-tested framework, which emphasizes business quality (based on our idiosyncratic parameters), valuation, and hypothesis/catalysts. However, these are highly focused portfolios that don't resemble any index, so it's essential to maintain a long-term horizon when evaluating our strategies.

Recall that our two global strategies (Focused Global, with 10-20 holdings, and Global, with 20-30 holdings) are focused portfolios of long-only equities, selected on a global basis, that we believe offer attractive long-term investment potential.

NET PERFORMANCE as of Jun 30, 2026	Q2 2026	YTD	1-Year	3-Year	Since Inception
Focused Global Equity	7.08%	11.28%	24.42%	37.50%	20.37%
Global Equity	5.36%	5.29%	18.96%	34.91%	18.22%
MSCI ACWI	14.93%	11.25%	23.67%	19.70%	10.94%

Inception date of the strategies is January 1, 2022. Results for periods greater than one year are annualized. See important disclosures at the end of this document.

Why has our Focused Global strategy outperformed Global Equity lately? The main factor is simply position sizing: Focused Global holds significantly larger weights in two recent winners, ICON plc and Tidewater Inc. (each discussed below). A corollary of this more concentrated Focused Global structure is, of course, higher volatility.

Talen Energy, an independent power producer, was notable as the shares recovered from Q1 weakness. We remain confident that electrification trends (driven by EVs, AI data centers, and manufacturing reshoring) will continue to benefit Talen in the years to come. Please see our initial 2023 profile of Talen Energy [here](#).

Our biggest detractor this quarter was Tidewater, a Texas-based owner of tugboats and offshore supply vessels for the energy industry. The U.S.-Iran ceasefire in June let the air out of energy and shipping stocks, but we believe that the multi-year supply-and-demand outlook for offshore vessels remains favorable. MercadoLibre, the leading e-commerce and fintech company in Latin America, also declined. Investors fret over its heavy investment spending and potential disruption from AI, but the business marches on. You can read our assessment of this "MercadoLibre Paradox" in our [recent blog post](#).

MARKET DYNAMICS

Equity markets powered through a turbulent few months to log their best quarter in years, led by jaw-dropping gains related to the AI build-out. The S&P 500 and the MSCI ACWI each rose about 15% in Q2—their best showings since 2020—and for semiconductor investors, it was one for the record books: the semiconductor index (PHLX) rose 88% to notch its best quarter on record. Interestingly, the Mag7 have gone sideways this year; the S&P 500 gains came from the “other 493” — industrials, banks, and healthcare companies have all contributed. Above all, memory chip stocks stood out as high-bandwidth memory (“HBM”) has become a scarce, critical input for AI data centers.

A recent theme affecting our portfolios is the unwinding of tensions in the energy/shipping/commodities sectors due to the Iran war. In mid-June, the United States and Iran signed a memorandum of understanding to end four months of fighting and reopen the Strait of Hormuz, through which roughly 20% of the world's oil and LNG normally passes. Oil — which had spiked above \$110 per barrel during the conflict — surrendered all its gains since the war broke out. But inventory depletions have been remarkable this year, and we wonder if this trend could reverse. For example, in Europe, natural gas storage levels are now far below normal, and in the US, the EIA reports that the Strategic Petroleum Reserve is at 317mm barrels, its lowest level since 1983. Six months ago, the consensus called for an oversupplied energy market in 2026; three months ago, for a prolonged supply shock. We remain skeptical of short-term market forecasts.

PORTFOLIO CHANGES

ICON Plc (ICLR) was a new purchase and became the top contributor to our results for the second quarter. Founded in 1990 by two Irish doctors, this Dublin-based provider of clinical research services and analytics saw its stock price clobbered over the past two years due to the triple whammy of: 1/ a post-COVID-19 demand slowdown; 2/ AI-related fears; and 3/ an accounting error that led to a minor restatement of results. However, our team has followed this industry since 2019, and we bought ICON eagerly in April once the valuation became compelling. Now the accounting error has already been fixed, and leading growth indicators, such as bookings and cancellations, are encouraging. Our research suggests that ICON could be a net beneficiary of AI due to proprietary data, domain expertise, and regulatory barriers, among other factors. A combination of an improving growth rate and a declining share count could boost ICON's valuation from here.

Elsewhere, we leaned against the market's mood swings, trimming Tidewater into strength at the beginning of the quarter, and adding to MercadoLibre on weakness.

PORTFOLIO SNAPSHOT ON Jun 30, 2026

	Focused Global Equity	Global Equity
Median Market Cap	\$24.8B	\$11.5B
# of Holdings	13	22
Top 5 Holdings, % of Total	65.2%	49.9%

Key Industry Sectors in the Strategies: Consumer Discretionary, Health Care, and Energy

CONCLUSION

The first half of 2026 served up a war, an oil shock, and an AI melt-up — precious little of which was forecasted by any humans, us included. We think this lends credence to our time-tested investment framework, which places little emphasis on political/macroeconomic factors and virtually no weight on short-term forecasts. We are optimistic about the future of our portfolios, which we construct based on our assessment of long-term, fundamental merits.

Remember that you can read more about our individual investments on our blog posts found [here](#).

Thank you for your support and interest in our strategies.



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IMPORTANT DISCLOSURES

The information and statistics contained in this report have been obtained from sources we believe to be reliable but cannot be guaranteed. Any projections, market outlooks or estimates presented herein are forward-looking statements and are based upon certain assumptions. Other events that were not taken into account may occur and may significantly affect the returns or performance of these investments. Any projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur. These projections, market outlooks or estimates are subject to change without notice.

The Focused Global Equity Composite includes all discretionary portfolios that are managed to City Different Investments' Focused Global Equity strategy. The objective of this strategy is to generate strong risk-adjusted returns in a very focused portfolio of global stocks. Portfolios invest primarily in stocks of US listed companies with greater than \$500 million in market cap selected on a worldwide basis. Portfolios typically hold between 10-20 positions. An investment in the strategy is subject to certain risks. The value of an investment, and income generated (if any) may fall as well as rise and is not guaranteed. Equities may decline in value due to both real and perceived general market, economic and industry conditions. The strategy could be more volatile than the performance of more diversified portfolios. Inception date of the strategy is January 1, 2022.

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Returns presented are reduced by all actual transaction costs incurred and a model management fee. The model management fee is an annual fee of 0.85%. One quarter of the model fee is deducted from the composite gross-of-fees returns the month following each quarter-end. Performance includes the reinvestment of dividends and other earnings. Actual fees may vary depending upon, among other things, the applicable fee schedule and portfolio size. Performance of any particular client account may differ from the strategy presented depending on size of the account, timing of funding of the account, contributions or withdrawals to the account and custodian chosen. Client portfolios are managed with individual tax considerations in mind.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product or any non-investment related content, made reference to directly or indirectly herein will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions.

All indexes are unmanaged, and you cannot invest directly in an index. Index returns do not include fees or expenses. Actual portfolio returns may vary due to the timing of portfolio inception and/or investor-imposed restrictions or guidelines. Actual investor portfolio returns would be reduced by any applicable investment advisory fees and other expenses incurred in the management of an advisory account. A description of the indices mentioned herein is available upon request.

You should not assume that any discussion or information contained herein serves as the receipt of, or as a substitute for, personalized investment advice from City Different Investments. To the extent that a reader has any questions regarding the applicability above to his/her individual situation or any specific issue discussed, he/she is encouraged to consult with the professional advisor of his/her choosing. City Different Investments is neither a law firm nor a certified public accounting firm and no portion of this content should be construed as legal or accounting advice.

Representative investments highlighted were selected based on objective, non-performance-based selection criteria.

A copy of City Different Investments' current written disclosure statement discussing our advisory services and fees is available for review upon request.

Unless otherwise noted, City Different Investments is the source of information presented herein.



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