



Evenlode Global Opportunities Fund

Investment View

Q3 results roundup and AI update
November 2025





The third quarter financial reporting period is near complete, with over 90% of the Evenlode Global Opportunities portfolio companies having posted an update. The latest results have strengthened our conviction in the portfolio and provide us a welcome opportunity to update investors.

Any investor glancing at market performance before the Q3 earnings season would have felt uneasy. The prior three months told a brutal story of bifurcationⁱ: AI-focussed companies, banks, and capital goods sectors thrived while many quality companies suffered significant share price declines, often exceeding 20%. If share prices rationally reflect the market's assessment of current performance and future earnings potential, then the market was sending an unambiguous warning.

The reported results, however, defied the market noise. For the companies that have reported at the time of writing, the Evenlode Global Opportunities portfolio companies delivered averageⁱⁱ growth in organic revenue and earnings per share (EPS) for the portfolio of 9.2% and 35.4% respectively. Even excluding an exceptional quarter for Nintendo, which released the Switch 2 console, the portfolio posted very encouraging increases of 7.4% and 28.1%; and an average adjusted EPS of 16.4%ⁱⁱⁱ. To put this into context, Barclays^{iv} report a wider market sales growth of 5.6% and EPS growth of 10%. The current free cash flow yield on the portfolio is 4.1%, ahead of the benchmark's 3.0%^v. The portfolio companies have posted growth comfortably ahead of the average for several years in a row and analyst expectations are that this streak will continue.

The longer-term outlook for the portfolio companies also remains healthy. Sell-side analyst projections, which we consume with a

healthy pinch of salt^{vi} forecast free cash flow yields of 4.5%, 5.1%, and 5.6% over the next three years^{vii} implying annual free cash flow growth for the portfolio of 10%.

So, why are markets pricing in weakness when the fundamentals appear in rude health? One theory is that Artificial Intelligence (AI) could prove an existential threat to the kind of businesses Evenlode tends to prefer, materially impairing their future earnings potential. James and Bethan^{viii} have recently written about the near-term adoption challenges for the technology, and recent AI stocks market volatility demonstrates that these risks are increasingly understood by the market.

However, it seems likely that the technology will have an impact in the long term. So, what will be the effect on the portfolio?^{ix} We explore this across two groups of companies that have recently been assumed losers of the AI trade: information services and financial services companies.

Information Services companies – RELX, Wolters Kluwer, Verisk

These companies provide high value data, software, and services to professionals including lawyers (RELX's Lexis Nexis), doctors (Wolters' UpToDate), and insurers (Verisk). The value of these services stems from proprietary data often taken from sources that are not publicly available. For instance, Lexis Nexis includes a vast library of annotated legal transcripts, court documents, and filings, including scans of many physical documents that have since been lost or destroyed^x. Beyond the raw data, the companies employ vast teams of domain experts that curate, evaluate, and transform the data into useful information. The clinical





resources behind Wolters' UpToDate product are prepared by 7,600 exclusively contracted doctors to ensure that diagnoses and prescriptions are rigorously supported by evidence and practice. The value to the clients comes primarily from the quality of the information, not simply the raw data or the AI tool that presents it.

These companies don't require AI to succeed, but they're investing significantly and recent management calls revealed tangible progress. RELX reported strong adoption rates for Lexis + AI (released in May 2023), with more than 50% of renewals being "AI inclusive". They also gave more detail on their partnership with Harvey, an AI service that operates in the adjacent legal administrative space. Verisk's insurance claims has immediately been adopted by six of the top ten insurance carriers. Wolters recently announced the roll out UpToDate AI in Q4, maintaining their characteristic focus on clinical accuracy. If these products do deliver even a limited amount of the increased productivity touted by AI, we foresee them becoming essential purchases for clients and revenue drivers for the data-rich incumbents.

Financial Services companies – ICE, CME

These businesses operate centralised exchanges that generate vast streams of proprietary data as a byproduct. Consider CME's granular data on US interest rate futures including live pricing, liquidity metrics, and comprehensive risk analytics. Precise tick by tick pricing and depth of book data are important drivers of trading success for both speculative and merchant participants in the exchange.

Just as with the information services companies, all three are also developing their

own AI tools to help clients better utilise this data. ICE announced the Aurora platform to help clients manage workflows. AI also creates another benefit for the exchanges - increased trading activity. Over the decades we have seen a sharp rise in automated algorithmic trading (utilising traditional, non-generative AI). The increased ease and speed of trading have contributed to ever-greater volumes being traded. As an example, the open interest^{xi} for ICE's Energy contracts has increased from 35 million contracts in January 2015 to over 60 million contracts in 2025^{xii}. Broader AI adoption would likely accelerate this trajectory and result in ever higher trade volumes, open interest and revenues. What's more, this is likely to be accompanied by higher risk reporting requirements, as probabilistic black-box AI algorithms will require increased monitoring, increasing the reliance on the data provided by exchanges.

Conclusion

The third quarter results further strengthened our conviction in the portfolio companies. These businesses continue to demonstrate robust fundamentals today, while their earnings outlook continues to brighten^{xiii}. While the AI technology trend has been viewed by the market as a threat to many of these companies, they are providing evidence of their willingness to embrace the new technology in a responsible manner. Combined with valuations that are more attractive than the market, the Evenlode Global Opportunities portfolio offers what we believe is a compelling long-term opportunity.

**Chris, James, Cristina, Gurinder, and the
Evenlode Team**

24 November 2025





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ⁱ Since July: AI, banks and defence up, most other sectors down - with information services companies particularly weak.

ⁱⁱ Weighted average - weighted according to portfolio weightings.

ⁱⁱⁱ Evenlode, 20 November 2025.

^{iv} Barclays Q3 Earnings Update, 7 November 2025.

^v Bloomberg, MSCI World Index subindices, 31 October 2025.

^{vi} Including our own!

^{vii} Visible Alpha free cash flow forecast for CY26-CY28, 13 November.

^{viii} In the Loupe articles available on the Spring Capital website.

^{ix} For the purposes of this we will not consider General AI, i.e. the solution to life the universe and everything, as most reasonable proponents would still describe this technology as decades away (if achievable at all).

^x The most telling example is the destruction of US Courthouses, which have left the only copy of some legal precedents in the RELX archives!

^{xi} The contracts left open (i.e. not closed out) at the end of each day. This is considered a better judge of long-term growth than average daily volumes, which are more cyclical.

^{xii} Redburn, February 2025.

^{xiii} As measured by analyst earnings upgrades.

