# TrinityBridge Sustainable Balanced Portfolio Fund

## Monthly fund manager update

**July 2026**

**Giles Parkinson**
Managing Director

### STRATEGY OVERVIEW

The TrinityBridge Sustainable Balanced Portfolio Fund seeks to achieve resilient returns over the long term through a company-led approach to investing in a multi-asset context by acquiring 'cheap durables' - direct interests in predictable businesses that will grow in value and repay their debts purchased at attractive cash-based valuations. This is complemented by allocations to fixed income and alternative assets.

### MONTHLY PERFORMANCE REVIEW & ACTIVITY

July saw a sharp reversal in momentum stocks, with the Philadelphia Semiconductor Index falling -21%. Sentiment was impacted by the release of increasingly capable Chinese open-source AI models, whose performance appeared to approach that of leading US frontier models. While this may accelerate the commoditisation of AI-model development, we do not view it as negative for either hyperscalers or the broader semiconductor ecosystem. As model costs decline, AI adoption is likely to broaden, driving greater demand for the compute, networking and data centre infrastructure that underpins these applications.

The latest reporting season reinforced this view, with accelerating demand for AI-related products and services. Hyperscalers' results are now also being received positively by the market as investors increasingly see evidence that AI-related capital expenditure is beginning to generate attractive returns. This has strengthened our conviction in the durability of the AI infrastructure investment cycle. In our view, July's sharp sell-off in momentum stocks was primarily driven by investor deleveraging and position unwinds rather than any meaningful deterioration in the underlying fundamentals. We therefore used the weakness to initiate a new positions in Infineon, which had been indiscriminately sold off during the month.

We also continued to diversify the Funds' exposure by adding sectors where we had previously little or no allocation, notably utilities and banks. The Fund initiated new positions in Iberdrola within utilities, and in HSBC, CaixaBank and Morgan Stanley within the banking sector. We believe utilities are well placed to benefit from the long-term growth in electricity demand and the significant grid investment required to support electrification, AI data centres and the energy transition. Within financials, we continue to believe that banks' earnings power is being underestimated as markets adjust to a structurally higher interest rate environment. In addition, banks are increasingly positioned to benefit from AI through higher levels of corporate investment, operational efficiency gains, increased capital markets activity and stronger wealth management flows.

The Sustainable Portfolio Balanced Fund underperformed the IA Mixed Investment 40-85% Shares sector peer group benchmark in July. However, it continues to outperform on a year-to-date basis, delivering a return of +8.7% compared with +7.1% for the sector.

## OUTLOOK

Our base case remains that the US economy avoids a recession, with the Federal Reserve not needing to cut rates, given the tailwinds from the strength in corporate earnings driven by AI capex, and the fiscal stimulus from the budget deficit. US employment has also firmed up in the last four months, possibly opening the door to rate hikes. As a result, the key risk to equities lies in the US Treasury market: a sharp rise in bond yields could tighten financial conditions and weigh on economic growth.



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