QUARTERLY INVESTMENT LETTER

Q3 2025

Fundamentals, Valuation & Activity (YTD)

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1. EXECUTIVE SUMMARY

In 2025, the portfolio successfully compounded its intrinsic value per share. We utilized our liquidity to accumulate shares in our highest-conviction ideas at favourable valuations.

+22.05%

Q3 YTD Portfolio Return

(Jan 1 - Sep 30)

Performance was driven by strong contributions from our core holdings, especially Google, confirming that high-quality cash flows are eventually reflected in asset prices. We remain fully invested and added capital during periods when the market doubted the long-term future of our businesses.

2. THE QUALITY WE OWN

To understand the value of this portfolio, we compare the operational quality of our businesses against the average company in the global market (MSCI World).

How much profit do our companies make on every dollar they invest? (ROIC)

Our Businesses: **26.5%**

Market Average: 12%

How much of every dollar in revenue is kept after production costs? (Gross Margin)

Our Businesses: **58.0%**

Market Average: 40%

How long would it take our companies to pay off all their debt? (Net Debt/EBITDA)

Our Businesses: **0 Years**

Market Average: ~3.5 Years

The Implication

We own businesses that are twice as profitable and objectively safer than the market average. The portfolio is currently Net Cash Positive, providing a fortress balance sheet that ensures durability regardless of the interest rate environment.

3. THE PRICE WE PAY

Quality must be purchased at a rational price. We maintain discipline by waiting for valuation compression before allocating capital.

How much are we paying for $1 of return? (Price to Diluted FCF)

Our Businesses

$22

Market Average

~$24

We are paying a lower price than the market average for businesses that are objectively superior in quality. This is a great position to be in.

4. THESIS FOCUS EVOLUTION AB

Status: Reached Full Position Size

Evolution provides the B2B infrastructure for online casinos. It is a high-margin monopoly that builds the studios betting sites rent.

The Quality Thesis:
The company retains 65 cents on every dollar of revenue (EBITDA Margin) and holds ample cash reserves with minimal debt. It possesses a deepening competitive moat that is difficult to replicate.

The Valuation Thesis:
Recent price declines compressed the valuation to historically attractive levels despite the recent slowdown in revenue growth. We used this disconnect to acquire a royalty on the sector at a discount to its historical average.

5. PORTFOLIO ACTIVITY (Q3)

Activity Level: Low

ADDITIONS:

Salesforce ($CRM): Accumulated shares in July and August. We utilized short-term sentiment weakness to build our position in this high-margin software monopoly.

Hermes ($RMS.PA): Opportunistic addition in August. We prioritize ultra-premium durability where brand equity provides pricing power regardless of inflation.

REDUCTIONS:

None. We maintained full allocations in our top performers, allowing capital to compound without interruption.

6. FINAL WORD

Our approach protects capital by insisting on the intersection of high business quality and rational pricing.

By adhering to the metrics above: high returns on capital and zero net debt, we insulate the portfolio from structural risks. We own plenty of critical infrastructure of the digital economy, and we are content to let these theses mature over the appropriate time horizon.

Sincerely,

Stefan, PI

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