

Q1 2026: Can Operation Epic Fury turn into Operation Desert Storm?¹

Quarterly Performance	Turnaround Portfolio	FTSE All Share TR
Q1 17	0%	0%
Q2 17	-8%	1%
Q3 17	-5%	2%
Q4 17	-1%	5%
Q1 18	9%	-7%
Q2 18	19%	9%
Q3 18	-16%	-1%
Q4 18	-30%	-10%
Q1 19	45%	9%
Q2 19	39%	3%
Q3 19	0%	1%
Q4 19	8%	4%
Q1 20	-43%	-25%
Q2 20	42%	10%
Q3 20	-3%	-3%
Q4 20	76%	13%
Q1 21	32%	5%
Q2 21	-3%	6%
Q3 21	5%	2%
Q4 21	1%	4%
Q1 22	37%	1%
Q2 22	-3%	-6%
Q3 22	17%	-3%
Q4 22	20%	9%
Q1 23	0%	3%
Q2 23	-13%	0%
Q3 23	40%	2%
Q4 23	3%	3%
Q1 24	1%	4%
Q2 24	5%	4%
Q3 24	6%	2%
Q4 24	-14%	0%
Q1 25	-7%	5%
Q2 25	6%	4%
Q3 25	1%	7%
Q4 25	-9%	6%
Q1 26	10%	2%

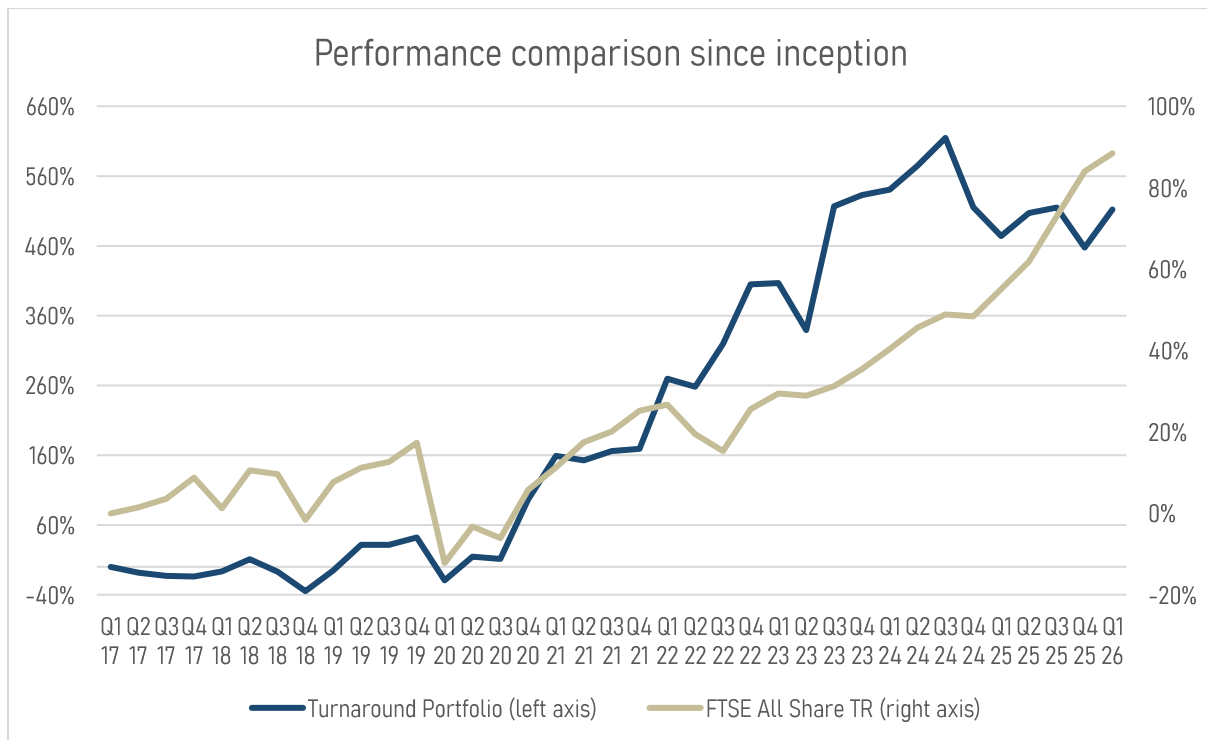
For professional clients - Past performance is not a guide to future performance

¹ all assumptions and observations are based on internal modelling and data analysis

Annual Performance	Turnaround Portfolio	FTSE All Share TR
2017	-9%	9%
2018	-31%	-9%
2019	113%	19%
2020	52%	-10%
2021	37%	18%
2022	99%	0%
2023	26%	8%
2024	-1%	10%
2025	-10%	24%
2026 Q1	10%	2%

Overall Performance	Turnaround Portfolio	FTSE All Share TR
CAGR	21.6%	7.1%
2017-2026 Q1 Return	512%	88%

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Please find the quarterly performance above with the letter starting as usual with an overview of the macro, in this case the Iran conflict, followed by a brief section on the performance and the outlook.

The ceasefire

“Operation Epic Fury”² whilst militarily a success, it was also a failure on US’s expectations on how it would play out:

1. Trump stated that it was “the biggest surprise” that Iran attacked all neighbouring countries even though they were not involved in any way, shape or form in the American attack against Iran³
2. The general population remained silent, i.e. no uprising⁴
3. Iran gained full control of the Strait of Hormuz⁵, which Trump also did not anticipate amidst comments that oil tanker crews should “show some guts” and sail through the Strait of Hormuz⁶

The aims of the mission were very clear as follows⁷:

1. Eliminate the imminent nuclear threat posed by the Iranian regime ✓ X
2. Destroy its ballistic missile arsenal ✓ X
3. Degrade its proxy terror networks ✓ X
4. And cripple its naval forces ✓

Whilst the mission appears incomplete, Trump has shown in the past that he stops short of his threats when the pressure rises to an extreme⁸ - that’s basically “the art of the deal”. But the question is why did Iran agree on a ceasefire? And why did the US agree?

² <https://www.whitehouse.gov/releases/2026/03/peace-through-strength-president-trump-launches-operation-epic-fury-to-crush-iranian-regime-end-nuclear-threat/>

³ <https://www.atlanticcouncil.org/dispatches/the-gulf-that-emerges-from-the-iran-war-will-be-very-different/>

⁴ <https://www.atlanticcouncil.org/dispatches/experts-react-the-us-and-israel-just-unleashed-a-major-attack-on-iran-whats-next/> “A campaign with an abstract objective and no clear endgame”

⁵ <https://portwatch.imf.org/pages/cb5856222a5b4105adc6ee7e880a1730>

⁶ <https://thehill.com/business/5774913-donald-trump-oil-tankers-strait-hormuz/>

⁷ <https://www.whitehouse.gov/releases/2026/03/peace-through-strength-president-trump-launches-operation-epic-fury-to-crush-iranian-regime-end-nuclear-threat/>

⁸ <https://www.lowyinstitute.org/the-interpreter/taco-fallacy>

Why Iran might have agreed to the ceasefire

For Iran gaining control of the Hormuz Strait is probably something that even surprised Iran themselves. But once Iran runs out of ballistic missiles (& drones), the Hormuz Strait cannot be controlled by Iran anymore. In 2022, the US's Central Command's General Kenneth McKenzie stated that Iran possessed over 3,000 ballistic missiles according to Iran Watch⁹. After the two short-lived Iran wars in April & October 2024 and June 2025, Israel officials believed that Iran's remaining ballistic missiles amount to 1,500 missiles and 200 launchers¹⁰. Defense analysts estimated that Iran had between 2,500 and 4,000 ballistic missiles as of 28th February 2026¹¹. These estimates compare to over 4,500 drones and 1,337 ballistic missiles shot at the UAE, Saudi Arabia, Kuwait, Bahrain and Qatar alone¹², and between 400-500 ballistic missiles shot at Israel¹³ between 1st March and 8th April 2026, which means that Iran has fired likely over 2,000 ballistic missiles and over 5,000 drones since the start of this conflict. Other sources estimate that 2,246 ballistic missiles and over 9,700 drones were shot¹⁴. Given that the US and Israel most certainly destroyed a lot of missiles and drones, it would appear likely that Iran is running out of missiles by now. 9th April marks the first day without any single drone or ballistic missile shot by Iran. **Iran might be close to exhausting their ballistic missile and drone arsenal. However, they have gained control over the Strait of Hormuz, which can now not only be used against the US, but perhaps more importantly, against Israel, further alienating Israel from Europe and other nations.**

⁹ <https://www.iranwatch.org/our-publications/weapon-program-background-report/table-irans-missile-arsenal>

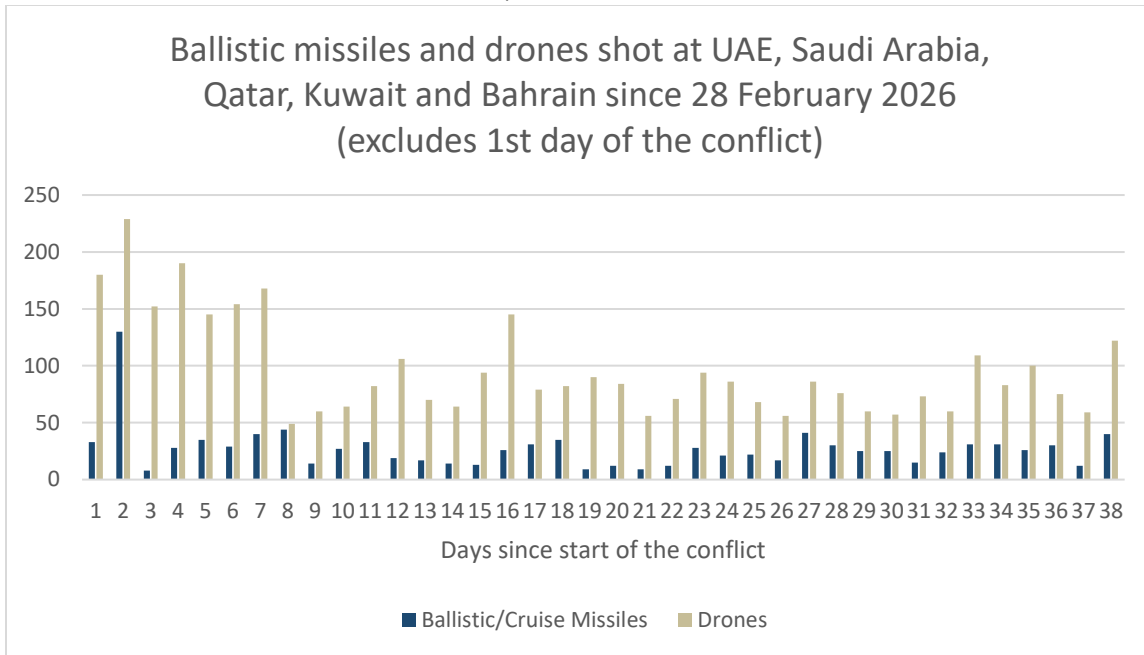
¹⁰ <https://www.iranwatch.org/our-publications/weapon-program-background-report/table-irans-missile-arsenal>

¹¹ <https://www.nbcnews.com/data-graphics/iran-war-drones-missile-strikes-military-attack-capabilities-rcna263382>

¹² <https://x.com/modgovae>, <https://x.com/modgovksa>, https://x.com/MOD_Qatar, <https://x.com/KuwaitArmyGHO>, https://x.com/BDF_Bahrain

¹³ <https://www.ft.com/content/bfa38b06-2877-48d2-857b-7f90d405159a?syn-25a6b1a6=1>

¹⁴ https://x.com/World_Insights1/status/2041169786844139534



Source: <https://x.com/modgovae>, <https://x.com/modgovksa>, https://x.com/MOD_Qatar, <https://x.com/KuwaitArmyGHQ>, https://x.com/BDF_Bahrain, *when Qatar did not mention the number of ballistic missiles or drones, 3 ballistic missiles and 6 drones were assumed

Why the US might have agreed to the ceasefire

The US is said to have used over 850 Tomahawk missiles and 1,000 Patriot missile interceptors in just 35 days of war against Iran, which compares to an estimated US inventory of only around 3,100 Tomahawks and 4,000 Patriot missiles¹⁵. At the same time, the Tomahawk maximum production rate is estimated to be 2,330 per year, whilst the US actual procurement rate is only around 90 per year¹⁶. As for the Patriot missile, around 600 are produced annually with around half going to the US¹⁷. **Similarly to the Iranian figures, this war simply couldn't last for much longer and could have led to a perceived weakness of the American Empire with munitions running low. Agreeing to a ceasefire hence made sense for the US as well.**

¹⁵ <https://www.militarytimes.com/news/your-military/2026/04/01/is-the-us-running-out-of-tomahawk-missiles-heres-what-the-experts-say/>

¹⁶ <https://www.cbsnews.com/news/u-s-tomahawks-iran-war-faster-than-stockpile-refilled/>

¹⁷ <https://www.militarytimes.com/news/your-military/2026/04/01/is-the-us-running-out-of-tomahawk-missiles-heres-what-the-experts-say/>

Is Iran's Strait of Hormuz toll becoming the new norm?

Iran is using the Suez Canal Crisis of 1956 as a template to create its own chargeable canal passage with the Strait of Hormuz by attacking ships that pass through there¹⁸. Iran has since allowed for passage by charging \$1 per barrel or as much as \$2m per ship paid in Chinese Yuan¹⁹, which would amount to \$73bn per annum assuming 100 ships pass through each day (although Iran keeps the flow to below 15 ships daily as of now²⁰, probably to keep oil prices elevated). This is more than double the highest fee the Suez Canal charges (\$790k) and 4x the average fee of an oil tanker in the Suez Canal²¹. Whilst the number of vessels going through the Strait of Hormuz has climbed to a high of 16 on 1st April, this figure has been coming back down to 10 as of 5th April again and compares to around 130 before 28th February²². As of 5th April, Russia, China, India²³, Pakistan, Iraq, Bangladesh²⁴, Egypt, Malaysia, South Korea²⁵, France²⁶ and Japan²⁷ have reportedly been making the passage, some by paying \$2m in Yuan through a Chinese intermediary²⁸ - most, however, were exiting a single ship out of the Strait of Hormuz. Next to France, Italy, who has blocked their airspace for US military operations in Iran, along with France, Spain, Switzerland and Austria²⁹, is supposedly in contact with Iran regarding the passage of their ships through the Strait as well³⁰. Iran has also recently held talks with Oman, the country that sits on the other end of the Strait of Hormuz, to discuss the "smooth flow of transit through the Strait of Hormuz amid the circumstances currently prevailing in the region"³¹, but Oman has stressed that it is an international, not

¹⁸ <https://www.aozorastep.com/The%201956%20Suez%20Canal%20analogy.pdf>

¹⁹ <https://www.dailynewsegypt.com/2026/04/04/irans-revolutionary-guard-imposes-yuan-based-tolls-for-strait-of-hormuz-transit-bloomberg/>

²⁰ <https://www.reuters.com/world/middle-east/iran-let-no-more-than-15-vessels-day-pass-strait-hormuz-tass-cites-senior-2026-04-09/>

²¹ <https://www.tonlexing.com/the-suez-canal-shipping-guide/>

²² https://x.com/World_Insights1/status/2040825371248189767

²³ <https://www.newsonair.gov.in/iranian-foreign-minister-says-iran-allows-india-china-russia-access-to-strait-of-hormuz/>

²⁴ <https://www.thestandard.com.hk/world/article/327860/Iran-names-six-countries-whose-ships-can-pass-through-Strait-of-Hormuz-mulls-US2-million-transit-fee>

²⁵ <https://www.aljazeera.com/news/2026/3/26/tehranstollbooth-how-iran-picks-who-to-let-through-strait-of-hormuz>

²⁶ <https://x.com/MarineTraffic/status/2040096308317315428>

²⁷ <https://www.abc.net.au/news/2026-03-29/strait-of-hormuz-iran-control-oil-gas-us-war-israel/106491634>

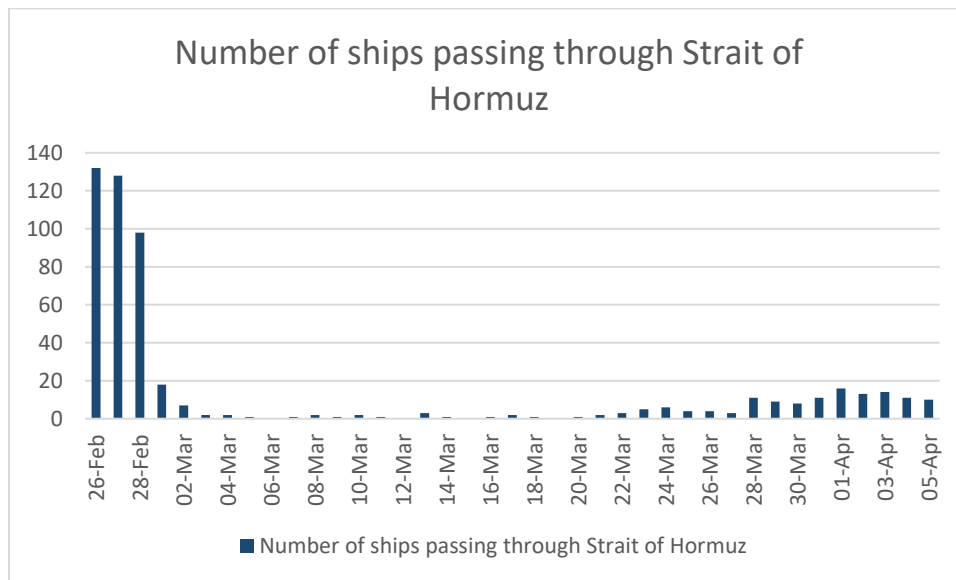
²⁸ <https://www.aljazeera.com/news/2026/3/26/tehranstollbooth-how-iran-picks-who-to-let-through-strait-of-hormuz>

²⁹ <https://x.com/DrEliDavid/status/2040923100192075779>

³⁰ <https://www.aljazeera.com/economy/2026/3/16/strait-of-hormuz-which-countries-ships-has-iran-allowed-safe-passage-to>

³¹ <https://x.com/FMofOman/status/2040732429271670816>

man-made seaway, hence no tolls can be imposed³². In summary, these developments appear to show that nearly all nations are ready to pay Iran in Chinese Yuan for the passage of their ships. However, most, if not all, of these ships exited the Strait of Hormuz, barely any entered³³, i.e. this is equivalent to paying a ransom for hostage releases, not for accepting Iran’s new T’s & C’s for the Strait of Hormuz. Yemen’s Bab el-Mandeb Strait, on the other hand, continues to see <50% of daily traffic, despite the last attack there having occurred more than 6 months ago in September 2025³⁴. Can the Strait of Hormuz really be fully reopened?

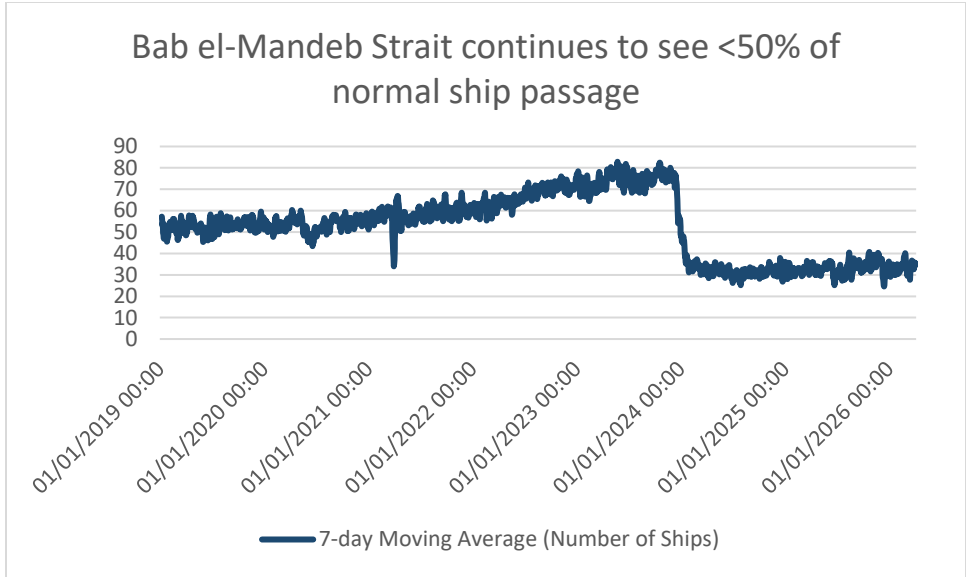


Source: https://x.com/World_Insights1/status/2040825371248189767

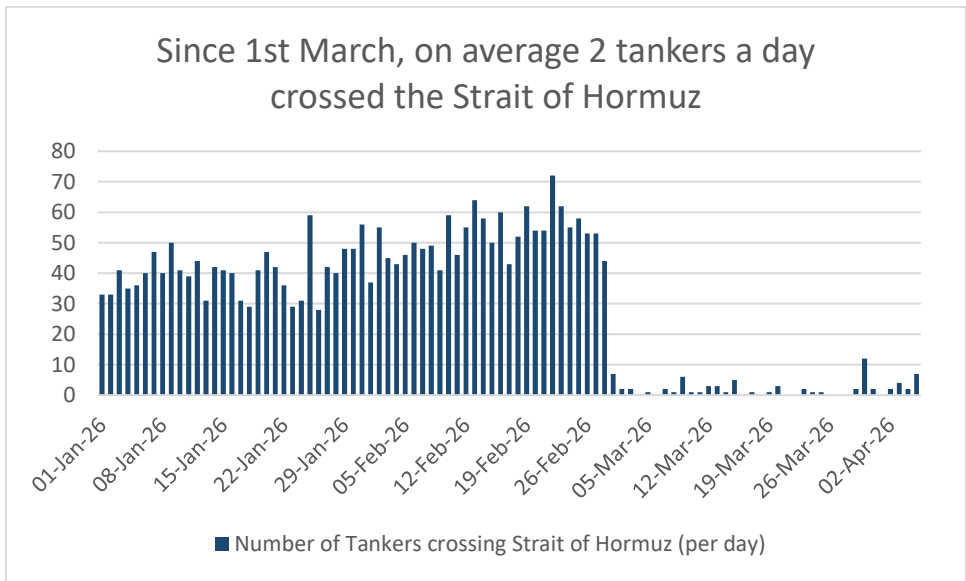
³² <https://www.ndtv.com/world-news/iran-us-ceasefire-no-tolls-can-be-imposed-for-crossing-hormuz-oman-contradicts-irans-demand-11328149>

³³ <https://x.com/MilkRoadMacro/status/2040732494216245497?s=20>,
<https://x.com/MilkRoadMacro/status/2040316654798901610?s=20>

³⁴ <https://www.maritime.dot.gov/msci/2026-006-red-sea-bab-el-mandeb-strait-gulf-aden-arabian-sea-and-somali-basin-houthi-attacks>



Source: <https://portwatch.imf.org/pages/chokepoint4>



Source: <https://portwatch.imf.org/pages/cb5856222a5b4105adc6ee7e880a1730>

The 1990 analogy

Iran's most potent weapon is the Strait of Hormuz. The most recent ceasefire talks appear to include the immediate opening of the Hormuz Strait in exchange for a 15-20 days negotiation window without

attacks³⁵, which is not something Iran agreed on in the past, as per their Supreme Leader: “The desire of the masses of the people is the continuation of effective and regret-inducing defense. Furthermore, the leverage of blocking the Strait of Hormuz must certainly continue to be used.”³⁶ When looking at historic yield curve shapes, I have viewed the current shape of the yield curve as the most similar to that of the 1990s as per chart below³⁷. The oil shock, so far, is also resembling the oil shock of the Kuwait invasion by Iraq in 1990, again as per chart below. Back then, Iraq invaded Kuwait on 2 August 1990. Operation Desert Shield, which was a buildup of US troops in Saudi Arabia began on 7 August 1990, turned into Operation Desert Storm on 17 January 1991 with a coalition of 42 countries led by the US, UK, France, Saudi Arabia, Egypt and Kuwait, after the adoption of UN Security Council Resolution 678 on 29 November 1990³⁸. The timing was interesting, as it occurred after the Tiananmen Square massacre (1989³⁹) and just days after the Iron Curtain fell (on 9th Nov 1990, the Berlin Wall fell⁴⁰). China’s vote to abstain rather than blocking the resolution was a turning point in establishing “better” ties with the US and ultimately, one could say, it saved China from following the Soviet Union’s path⁴¹. This time around, the US & Israel have already largely finalised the military aspect of the conflict. The recently Bahraini proposed UN vote regarding opening the Strait of Hormuz failed, because Russia and China vetoed it as both nations rejected “force” in reopening the Strait⁴² (vote was on 7th April). This makes it more likely that we will instead see another one of the US’s special operations, keeping the “element of surprise”, which resembles a strategy that we have last seen by the German Reich with its “Blitzkriege”. Recent movement of military transport planes into the Middle East supports this idea⁴³, yet an agreement without force would follow a typical Trump playbook. **We’ve had the fall of Venezuela, now we might have the fall of Iran. I believe Iran’s downfall will likely be either by force, like Operation Desert Storm in 1991, just not approved by the UN, but with the same nations that led the 1991 UN Resolution 678, or an agreement between the US and Iran will be struck. Either outcome could, in my eyes, be the equivalent of the fall of the Iron Curtain in 1990, with oil prices remaining elevated until the operation/agreement has begun.**

³⁵ <https://www.axios.com/2026/04/06/iran-war-us-tehran-ceasefire-talks>,
<https://x.com/clashreport/status/2041062886521418179>

³⁶ <https://x.com/Rahbarenghelab/status/2032086490214211937>

³⁷ <https://www.aozorastep.com/Why%20the%20Fed%20should%20cut%20rates.pdf>

³⁸ <https://unscr.com/en/resolutions/678/>

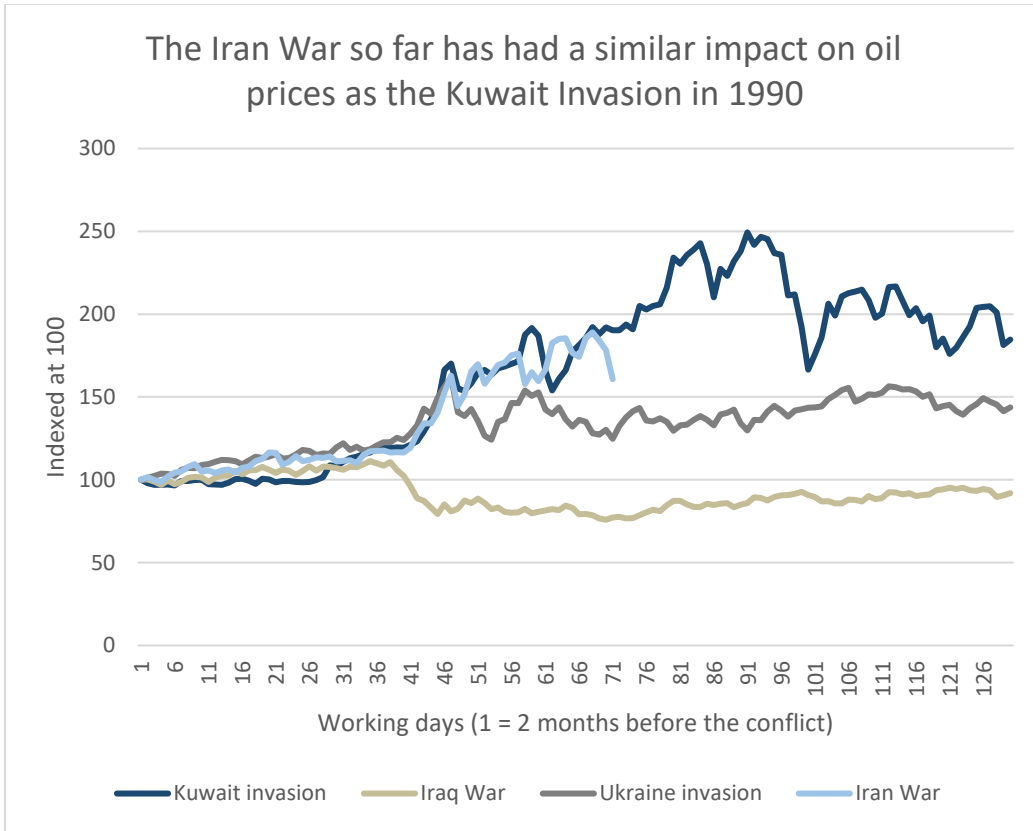
³⁹ <https://bitterwinter.org/35-years-ago-the-tiananmen-massacre-how-it-prepared-xi-jinpings-china>

⁴⁰ <https://history.state.gov/milestones/1989-1992/fall-of-communism>

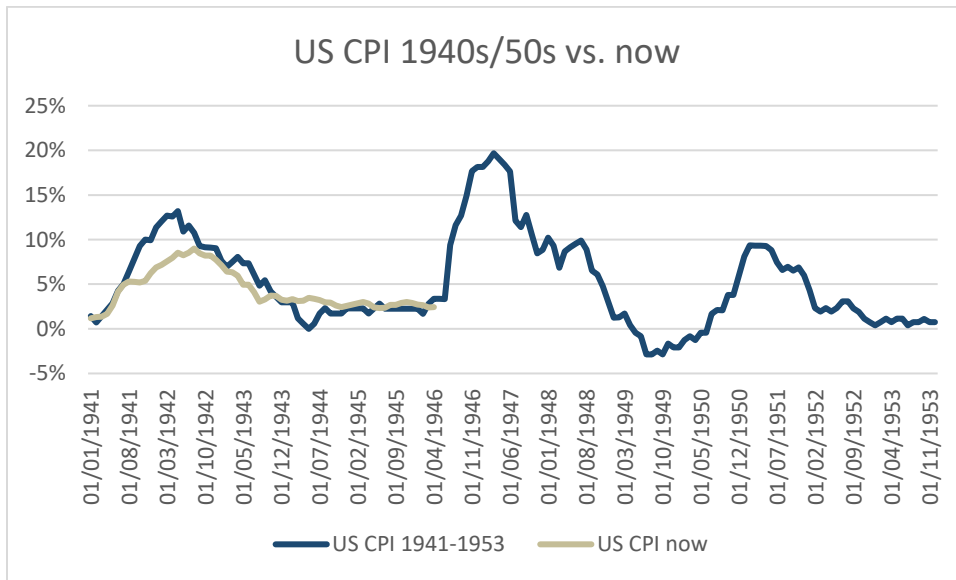
⁴¹ <https://jamestown.org/chinas-voting-behavior-in-the-un-security-council-3/>

⁴² <https://media.un.org/unifeed/en/asset/d355/d3552911>, <https://www.aljazeera.com/news/2026/4/7/russia-and-china-block-un-resolution-on-strait-of-hormuz>, <https://news.un.org/en/story/2026/04/1167261>

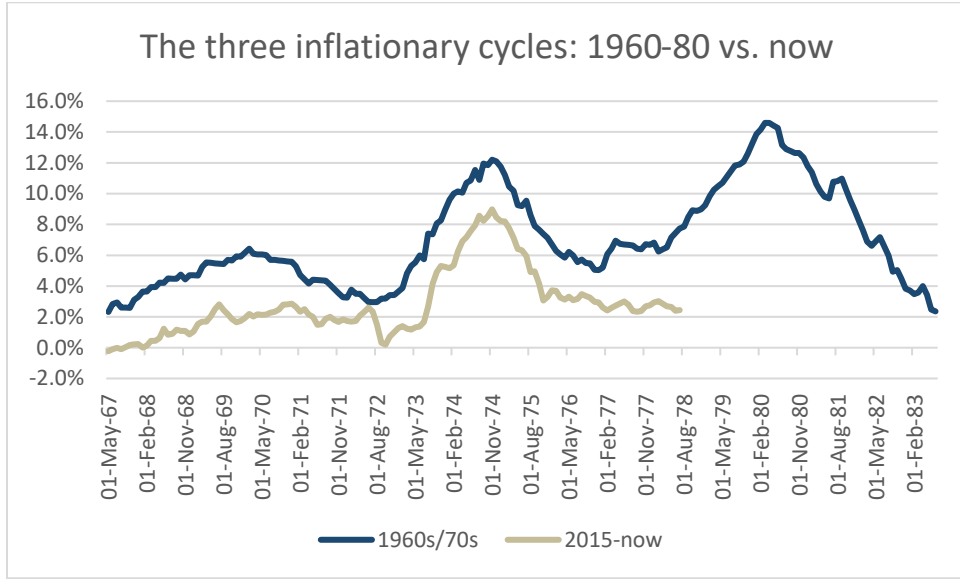
⁴³ <https://x.com/Karmabash/status/2042311129654051282>



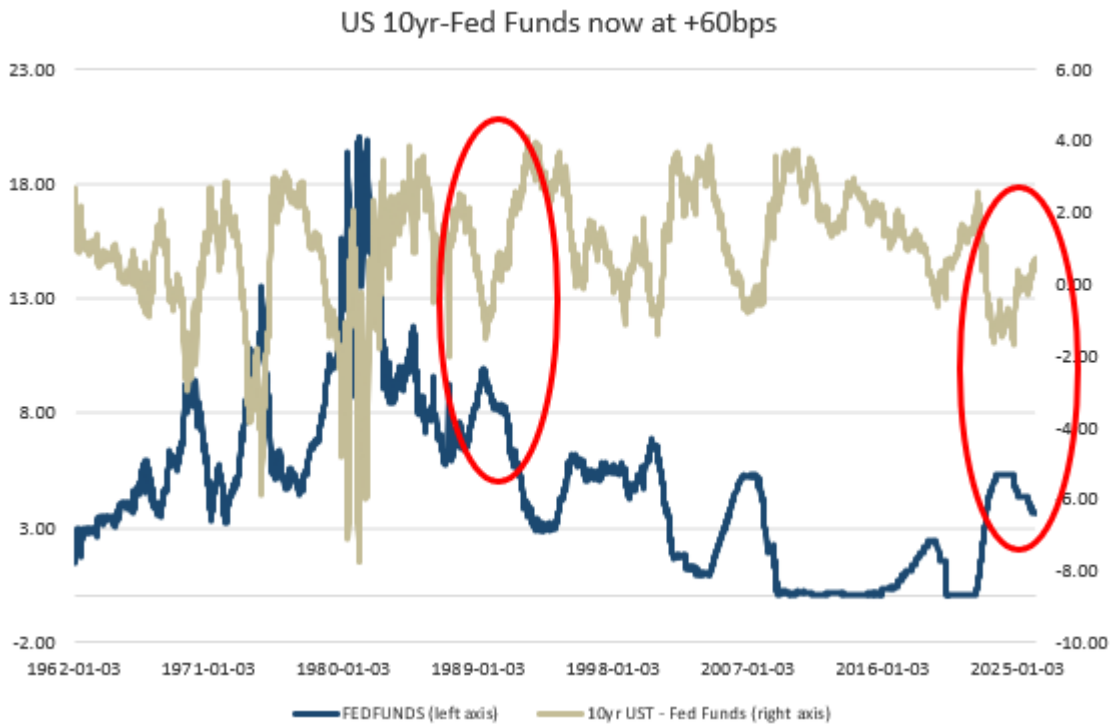
Source: Investing.com <https://www.investing.com/currencies/xbr-usd-historical-data>



Source: FRED St Louis, GalaxyPlus, <https://fred.stlouisfed.org/series/CPIAUCSL>



Source: FRED St Louis, <https://fred.stlouisfed.org/series/CPIAUCSL>



Source: FRED St Louis, Fed Funds rate and Market yield of 10yr UST

The Endgame of this conflict

What could the endgame of the conflict mean for oil and gas prices? The Strait of Hormuz handles around 20% of oil and LNG demand⁴⁴. In the case of oil, we are talking about 21m b/d. Since Iran closed the Strait of Hormuz, the 21m b/d turned into ~10m b/d by now (most optimistic case), which is 1.5m b/d from Iran⁴⁵, 5.5m b/d from the Saudi East-West pipeline and the UAE Habshan-Fujairah pipeline⁴⁶, 1 m b/d from non-Iranian tankers⁴⁷, and 2m b/d from the IEA emergency oil release⁴⁸, plus another 1m b/d from China⁴⁹. However, considering that most IEA emergency oil releases haven't actually been released yet and on many days there were zero tankers passing the Strait of Hormuz, a loss of 13m b/d for 38 days appears appropriate, which is a total of nearly 500m barrels. These are apocalyptic numbers. However, there is a bear case for oil (and gas) prices to be made:

1. Global visible oil inventories were around 600m above the early 2025 lows before the conflict started as per chart below
2. Around 35-40m barrels are trapped in the Middle East on floating storage as per chart below (usually there is 5-10m oil on floating storage in the Middle East). Floating storage is at the highest point in years
3. Another 130m barrels are stranded across around 80 laden tankers, mostly VLCCs, in the Middle East according to Kpler⁵⁰ (this is likely separate from the 45m barrels floating storage Vortexa is tracking)
4. The Middle East has around 343m barrels of onshore storage availability, which had 22 days of buffer ahead of the conflict and which are now full⁵¹
5. US commercial oil inventories (including gasoline, distillates and jet fuel) were at the highest since 2023 as of 27th March 2026, as per chart below

⁴⁴ <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>,

https://www.eia.gov/international/analysis/special-topics/World_Oil_Transit_Chokepoints

⁴⁵ <https://www.aa.com.tr/en/energy/general/iran-says-oil-exports-reach-15m-barrels-per-day-despite-war-/55898>

⁴⁶ <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>

⁴⁷ Based on chart 2 tankers on average having crossed the Strait of Hormuz since the closure, although most tankers I've seen crossing were smaller tankers, but the number increased recently

<https://portwatch.imf.org/pages/cb5856222a5b4105adc6ee7e880a1730>

⁴⁸ <https://informistmedia.com/EquityWire/46620/Respite-from-IEA-reserves-seen-fleeting-crude-oil-to-stay-firm>

⁴⁹ https://x.com/Sino_Market/status/2042455485840777575/photo/1

⁵⁰ <https://x.com/Kpler/status/2042601263435591730>

⁵¹ <https://www.dw.com/en/iran-war-how-long-before-gulf-nations-stop-pumping-oil/a-76272635>

6. Venezuela is now in the hands of the US, which will bring in more barrels into US oil inventories and higher production over time

For these reasons, I believe that once the Strait of Hormuz is opened again, there could be a wave of supply hitting the market, even more so if sanctions against Iran and Russia were eased/remain eased.

On the LNG side, Qatar cannot store the gas they produce. Hence, there is an actual supply deficit. Europe, as per chart below, has entered this conflict just like the Ukraine invasion with one of the lowest natural gas in storage since 2022 as per chart below. However, the US is bringing new LNG export facilities onstream with Golden Pass LNG recently bringing its first of 3 LNG trains online, comprising a total capacity of 18m tons per annum⁵². This compares to just below 80m tons of LNG exports per annum from Qatar⁵³, of which around 12.8m tons was taken out by Iranian attacks⁵⁴, taking at least one year or more to repair⁵⁵. In other words, rising LNG export capacity in the US offsets at least the lost production from damage done to Qatar's LNG exports, which would not come back online so quickly if the Strait of Hormuz reopened today.

Whilst the attacks from Iran against its neighbours destroyed crucial infrastructure in the region (full list [here](#)) and it is not clear how long it will take to repair some of the damaged infrastructure, the market was getting oversupplied ahead of the conflict – and that oversupply problem could re-emerge fast. Many oil and gas related equities have low valuations at current prices. But the upside in non-energy names is becoming more favourable, just as it was in November 1990 when UN Security Council Resolution 678 passed. I believe the timing of the equivalent of an “Operation Desert Storm” (or an agreement between the US and Iran) could be sooner rather than later, because the damage of the Strait of Hormuz being closed much longer would be too large.

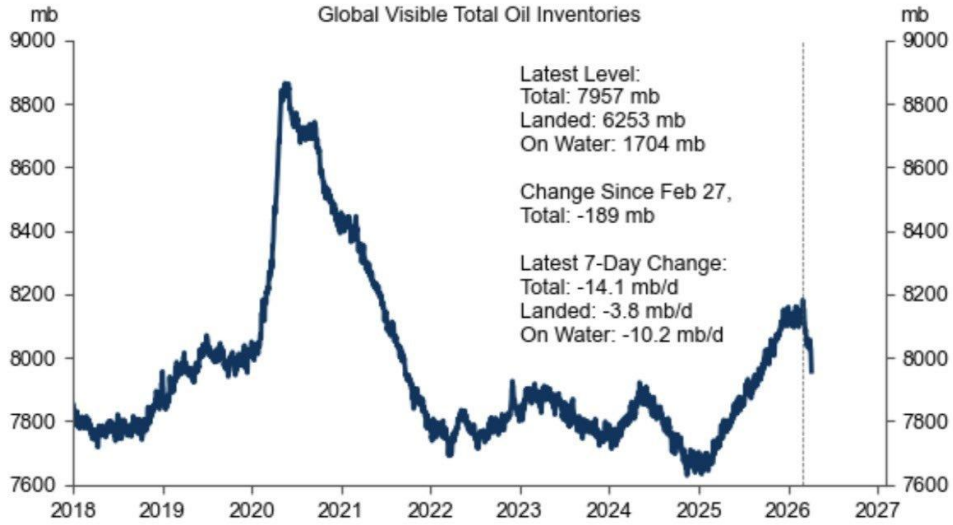
⁵² <https://www.qatarenergy.qa/en/MediaCenter/Pages/newsdetails.aspx?ItemId=3898>

⁵³ <https://www.kpler.com/blog/qatar-us-lng-exports>

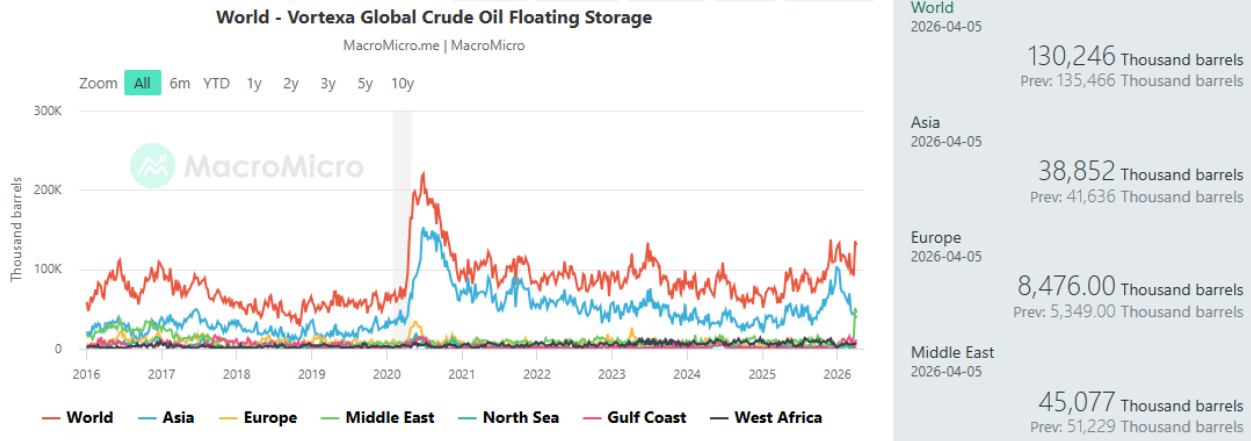
⁵⁴ <https://www.reuters.com/business/energy/iran-attack-damage-wipes-out-17-qatars-lng-capacity-three-five-years-qatarenergy-2026-03-19/>

⁵⁵ <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2026/impact-of-middle-east-conflict-on-shell-activities.html>

Exhibit 5: Global Visible Total Oil Inventories Have Declined by 189mb Since the Start of the Conflict, Depleting 42% of 2025 Visible Builds

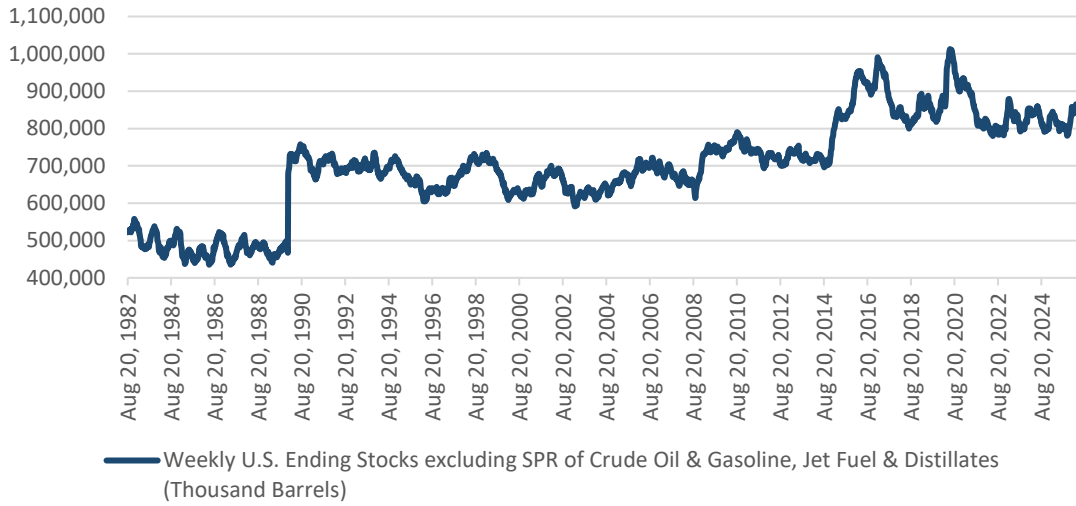


Source: IEA, Kpler, DOE, Euroilstocks, ARA PJK, PAJ, Haver, Goldman Sachs Global Investment Research



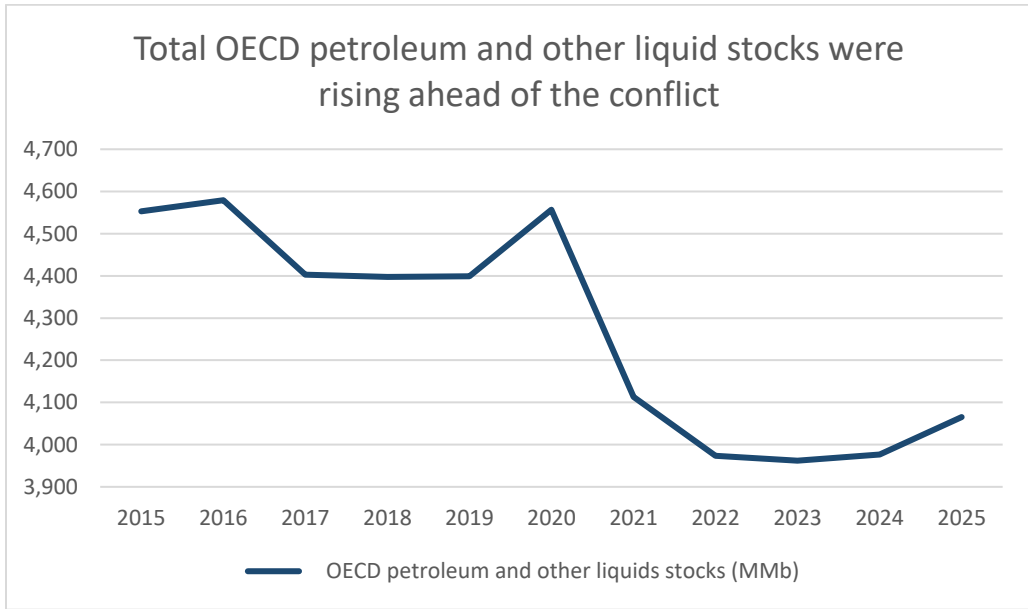
Source: <https://en.macromicro.me/charts/44710/vortexa-global-crude-oil-floating-storage>

US commercial oil and products inventories reached the highest since 2023 ahead of the conflict

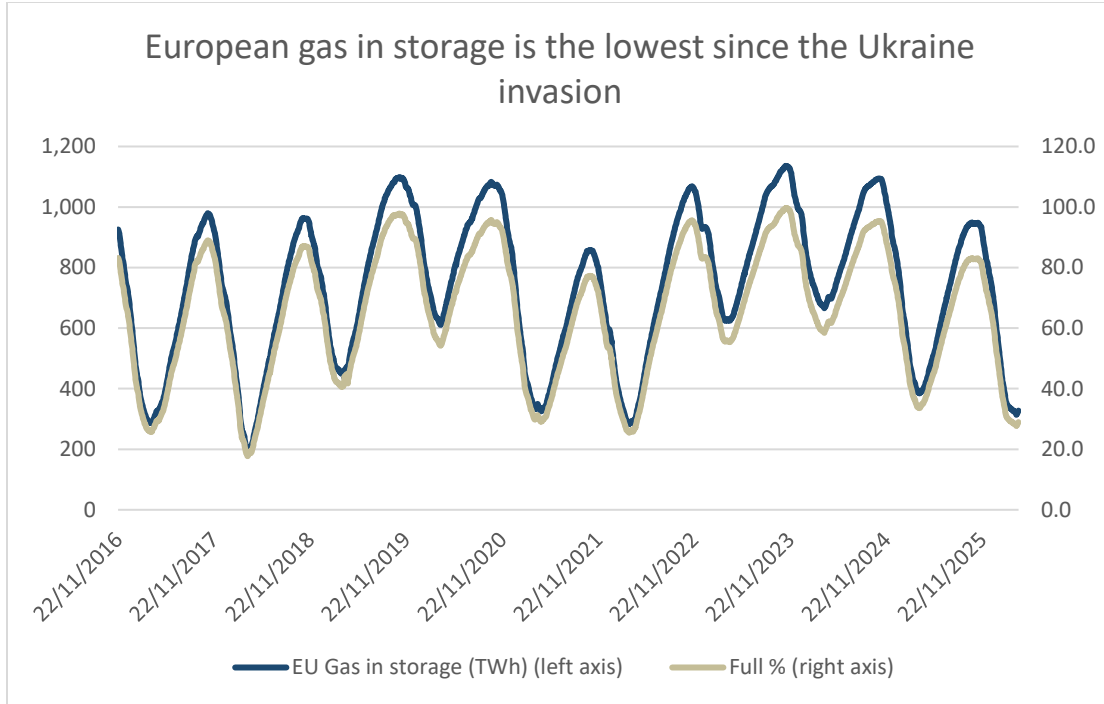


Source: <https://www.eia.gov/petroleum/supply/weekly/>

Total OECD petroleum and other liquid stocks were rising ahead of the conflict



Source: www.eia.gov/international/data/world/featured-view/8



Source: <https://agsi.gie.eu/data-overview/eu>

US natural gas storage looks bearish for onshore natural gas prices (actual change: +50 BCF)

Weekly Natural Gas Storage Reports Ranked From Bullish To Bearish For The Week Of Mar 28 - Apr 3 (2021-2025)			
	Rank	Weekly Storage Injection/ Withdrawal	Year
Most Bullish	1.	-19 BCF	2022
	2.	-2 BCF	2023
Neutral	3.	+6 BCF	2024
	4.	+26 BCF	2021
Most Bearish	5.	+42 BCF (Projected)	2026
	6.	+53 BCF	2025

Source: <https://x.com/CelsiusEnergyFM/status/2042226739737174280/photo/1>

Performance⁵⁶

Despite a very resilient +10% return in Q1 2026, I feel quite humiliated, as these gains quickly evaporated with a -7% decline on 1st April in a single day despite climbing oil and gas prices. Then, ahead and on TACO Tuesday I changed the entire portfolio. It's frustrating how the largest disruption in energy ever has not led to a stronger performance after being positioned for it. Back in 2022, I would be up 40% in such a quarter. I always thought I have an edge in following Trump closely, watching nearly every time he speaks. However, while in some instances it saved my performance, in more instances it limited my performance to the upside and caused a lot of volatility, as my 3-6 months view gets constantly interrupted (I exited and re-entered Harbour Energy and Diversified Energy for example). My current portfolio as of 9th April includes Trainline, Gamma Communications, The Trade Desk and Nexxen International. I plan to consolidate the positions further, but I'm also still considering energy equities with a view of a potential gas price spike into the summer in Europe as well as generally low valuations in energy names if oil averages at \$80/bbl and gas at 100p/therm this year.

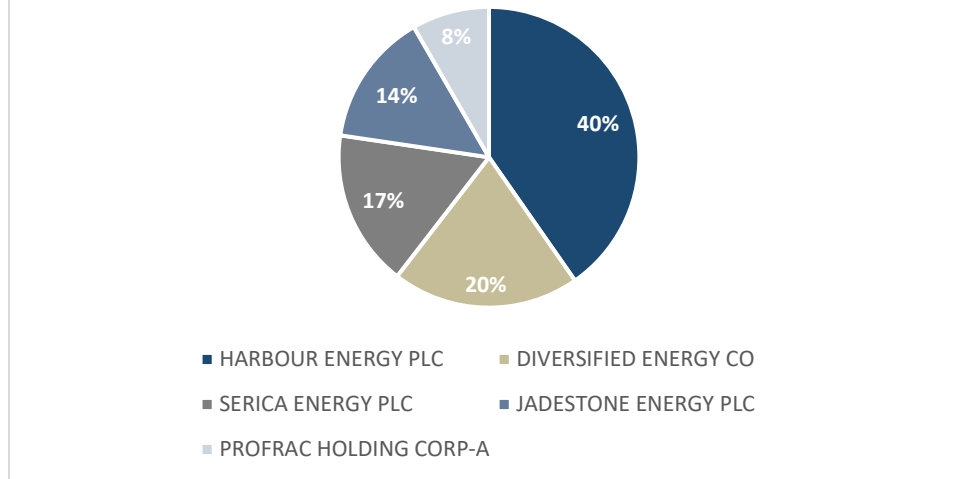
Holdings as of 31st March 2026

Company	Average Purchase Price	Market Price as of 31st March 2026	% change
HARBOUR ENERGY PLC	2.99	2.998	0%
DIVERSIFIED ENERGY CO	13.18	14.1	7%
SERICA ENERGY PLC	2.58	2.94	14%
JADESTONE ENERGY PLC	0.23	0.28	22%
PROFRAC HOLDING CORP-A	6.77	6.2	-8%

As of 31st March 2026

⁵⁶ all assumptions and observations are based on internal modelling and data analysis. Past performance is not a guide to future performance

Holdings in % as of 31 March 2026



As of 31st March 2026

Individual positions

Instead of discussing the positions individually, I'll just briefly explain what the key reasons were for taking these positions, given that all positions are already exited. I indicated EV/FCF at \$80/bbl and 100p/therm for FY 26 for each as a multiple:

Harbour Energy (8x EV/FCF): Has most of its gas production in Norway and the UK, says it completed its equity diluting growth with organic production growing towards 500k boepd until at least 2030, and will pay up to 75% of FCF to shareholders.⁵⁷ I view the recent YPF ruling in favour of Argentina as positive due to a better fiscal position for Argentina.⁵⁸

Diversified Energy (20x): US onshore producer with 72% gas, 14% oil production, largely hedged, but still benefits from higher oil and gas prices and they hedge more at higher prices. It's an income play with its debt amortising and ownership of the 3rd largest acreage in the lower 48s (US). This land becomes a lot more valuable with higher commodity prices and acreage sales have fully covered capital expenditure

⁵⁷ <https://www.harbourenergy.com/media/deobpypb/harbour-energy-2025-full-year-results-presentation-5th-march-2026.pdf> slide 4, 8, 30

⁵⁸ <https://www.reuters.com/world/us-appeals-court-voids-161-billion-judgment-against-argentina-over-ypf-seizure-2026-03-27/>

over the last two years.⁵⁹ Recent natural gas prices indicate that US onshore gas prices will remain insulated from the Middle East for the rest of the year, which is negative.⁶⁰

Serica Energy (4x EV/FCF): Operates only in the UK where windfall taxes cannot be hiked further. The company is growing its production potentially by over 60% by the end of the year through last year's acquisitions. More than half of the production is gas, which is beneficial in light of very low European gas in storage.⁶¹

Jadestone Energy (8.5x EV/FCF): The valuation of Jadestone Energy was pretty much unchanged after Operation Epic Fury, which was the main reason to buy shares. This company would have struggled without the Iran conflict; hence the upside is the largest of such a company if oil prices remain elevated.⁶² A recent cyclone in Australia took 10% of their production offline against which they are insured.⁶³

ProFrac Holdings (- EV/FCF): Company generated over \$300m of FCF during the energy crisis in 2022 (EV/FCF of 6x today). View was that US onshore frac count increases due to the Middle East, which hasn't played out yet. Company has large share of electric frac trucks, which is beneficial when diesel prices spike⁶⁴

Given the binary outcome of the events in the Middle East and how time sensitive the reopening of the Hormuz Strait is, I will not give a detailed update on the current positions in the portfolio. At the moment, there are cheap valuations in both, energy names and non-energy cyclical names. In short, The Trade Desk and Nexxen International are CTV focused advertising firms with a valuation that is at or near historic lows, but both firms have maintained a positive outlook with the US FIFA World Cup coming up. Gamma Communications is a special situation amidst a potential takeover. And Trainline benefits from both, higher oil and gas prices (train tickets become relatively cheaper vs. driving) and when there is potential

⁵⁹

<https://d1io3yog0oux5.cloudfront.net/2339eedbf0650817b57d5843fc55f8f4/dgoc/db/581/6044/pdf/Investor+Presentation+February+2026.pdf> slide 7, 17, 18, 35, 39

⁶⁰ www.eia.gov/naturalgas/storage/

⁶¹ <https://www.serica-energy.com/downloads/presentations/FY%202025%20results%20presentation.pdf> slide 7, 8, 20

⁶² https://otp.tools.investis.com/clients/uk/jadestone_energy_inc/rns/regulatory-story.aspx?cid=2446&newsid=2036479, <https://www.jadestone-energy.com/wp-content/uploads/2026/03/20260312-JSE-Corporate-Presentation-vF-Website.pdf>

⁶³ https://otp.tools.investis.com/clients/uk/jadestone_energy_inc/rns/regulatory-story.aspx?cid=2446&newsid=2044638

⁶⁴ <https://ir.pfholdingscorp.com/financial-information/financial-results> FY 2022 results, <https://www.enverus.com/dailyrigcount/> frac count

peace in the Middle East (shares gained on Trump TACOs). Given the volatility and multiple other opportunities like UK housebuilders or other media names with special situation optionality, I consider changing the portfolio further.

Outlook

The 1990 analogy appears the most suitable comparison when taking technicals (price movement in oil and yield curve shape) and unity in the Middle East into account. This unity, which led to 42 nations fighting against Iraq in 1991, is already emerging and could not only solve the Iran conflict, but the Ukraine war, too. Zelensky, not Putin, travelled across the Middle East and made defense and energy deals with the UAE, Qatar, Saudi Arabia, Jordan, Syria and Turkey⁶⁵. Perhaps as a result, just today there are reports of a potential peace deal between Ukraine and Russia⁶⁶. A peace agreement between Iran and the US & Israel would therefore make more sense for Iran – and Iran has historically not made suicidal decisions. And finally, whilst China appears to be moving on Taiwan via a friendly takeover with their candidate Cheng Li-wun⁶⁷, the next Taiwanese elections are only expected to be held in 2028⁶⁸. Therefore, I do not expect the market to price this risk in yet. **I view the bottom of the market and the top in equity valuations of energy names as the most likely scenario as of now. Geopolitics could quickly turn from a headwind into a tailwind, which I currently view as the more likely scenario. Like in 1990/91 this could lead to lower, not higher interest rates in 6 months' time.**

Sincerely,



David Herrmann



⁶⁵ <https://united24media.com/world/ukraine-is-quietly-becoming-a-security-power-in-the-middle-east-17732>

⁶⁶ <https://www.reuters.com/business/finance/ukraine-russia-move-towards-potential-peace-deal-bloomberg-reports-2026-04-10/>

⁶⁷ <https://www.cnn.com/2026/04/10/china-taiwan-reunification-cross-strait-relations-trump-visit-may.html>

⁶⁸ https://en.wikipedia.org/wiki/2028_Taiwanese_presidential_election

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