AozoraStep

For professional clients

Q4 2025: The last stage of Globalization is Colonization[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%

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%

Overall Performance	Turnaround Portfolio	FTSE All Share TR
CAGR	**21.0%**	**7.0%**
2017-2025 Return	**458%**	**84%**

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

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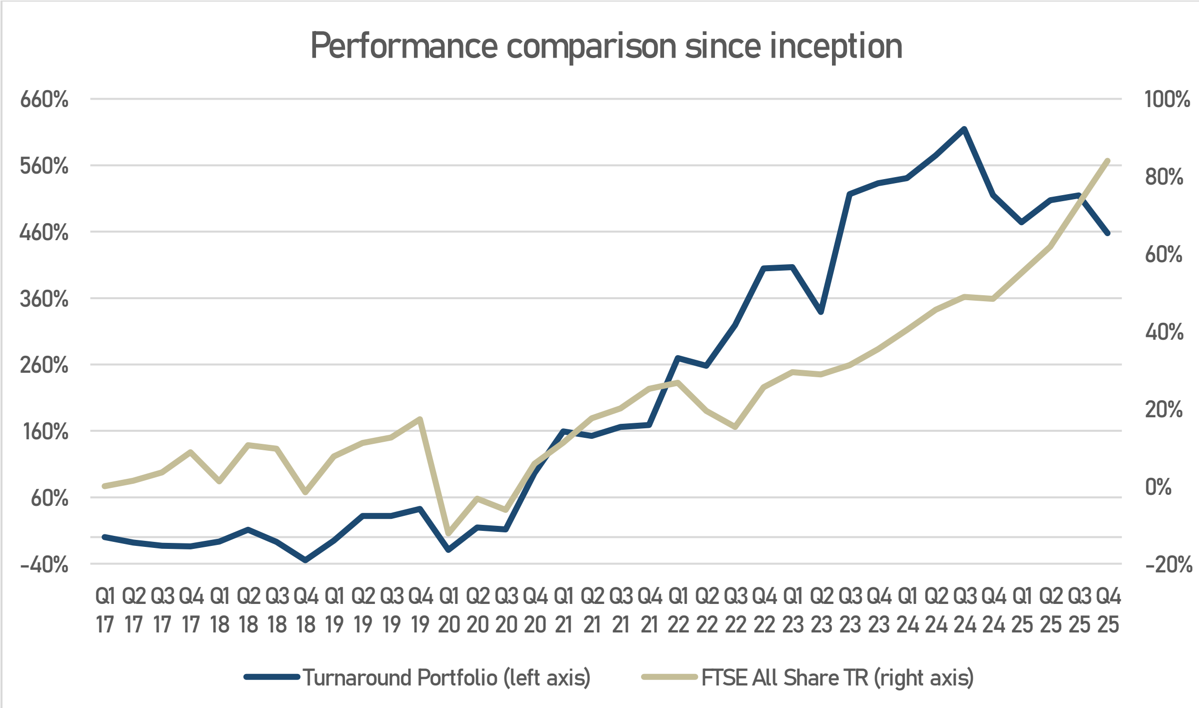

For professional clients - Past performance is not a guide to future performance

23rd January 2026

Dear Investor,

Last year in London was probably one of the toughest years of my entire life, as everything went downhill. In particular, the combination of being targeted by criminals and having to go through excessive regulation became a very toxic mix that made it extremely difficult to launch my business to external investors and creating a "UK Berkshire Hathaway". I felt like I was constantly hit by bullets (privately & in business), while all I was trying to do is quiet research and outperform the market – very simple. On top of that, the heavy UK equity outflows[2] hit some of the small and midcaps badly. Here are some key numbers from the last year, starting in Q4 2024:

- I've met over 30 allocators in Dubai, Zurich, Miami, New York, Tokyo, Singapore & London
- I've added two advisors to the company and had four interns over the year
- I got regulated under a hosting platform, which led to a total of well over 200 email exchanges and over 30 calls, without even managing a single $ of external capital or giving any financial advice

[2] https://www.investmentweek.co.uk/news/4523851/uk-equity-outflows-2025-brexit-referendum

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- I've met with over 80 CEOs and/or CFOs and over 20 service providers
- I'm now connected to over 20 brokers (small and large), which enables me to meet the management of literally any UK listed company

It's incredible how successful this actually sounds, yet I was so unsuccessful like never before in my life. With an underperformance of -34% compared to the FTSE All Share TR in 2025 and only one allocation lined up that requires still a bit of work on my side, I had to cut costs and focus purely on performance. For this reason, I stopped capital raising, got back unregulated and moved with my family to Okinawa, Japan.

As usual, in this quarterly note I'll first dive into some macro topics that are influencing the portfolio, and then go into details on the performance, before closing with the outlook.

What interest rates are telling us today

Perhaps the most important chart is the UST 10yr – Fed Funds inversion, as per below. It is not the cleanest chart, hence a quick explanation: The dark blue line shows the UST 10yr yield minus the Federal Funds rate (i.e. if the Fed Funds rate is lowered faster than the 10yr yield declines, the line moves higher), the beige line is the UST 10yr yield (all left axis), and the lighter blue line is the S&P 500 (right axis). In almost every recession the yield curve was inverted in the months prior, and the UST 10yr – Fed Funds then steepened above 50bps[3]. The UST 10yr – Fed Funds is currently again above +50bps[4]. When "Liberation Day" happened, the scenario of lower rates, a boost in liquidity and a "Covid-like" recession with markets quickly recovering could have been the outcome. The chart indicated exactly that, and it would have been in line with prior recessions occurring around changes in Presidents[5]. Whilst the S&P 500 did exactly that, the Fed stayed hawkish and the S&P 500 rally was entirely based on AI rather than on an economic recovery induced by the Fed providing excess liquidity[6]. This begs the question: Did we avert the recession and are we seeing a continuous market recovery from here, even if the Fed lowers rates drastically, causing the UST 10yr – Fed Funds to steepen further? I will explore a few possible scenarios below and look at other market dynamics currently in play. **Bottom line is that "this time is different" generally only**

[3] https://fred.stlouisfed.org/series/DGS10 select "Max" time scale and add Federal Funds Rate
[4] https://fred.stlouisfed.org/series/DGS10 select "Max" time scale and add Federal Funds Rate
[5] https://www.nationalaffairs.com/publications/detail/presidents-as-economic-managers
[6] https://www.rbcwealthmanagement.com/en-ca/insights/us-equity-returns-in-2025-record-breaking-resilience

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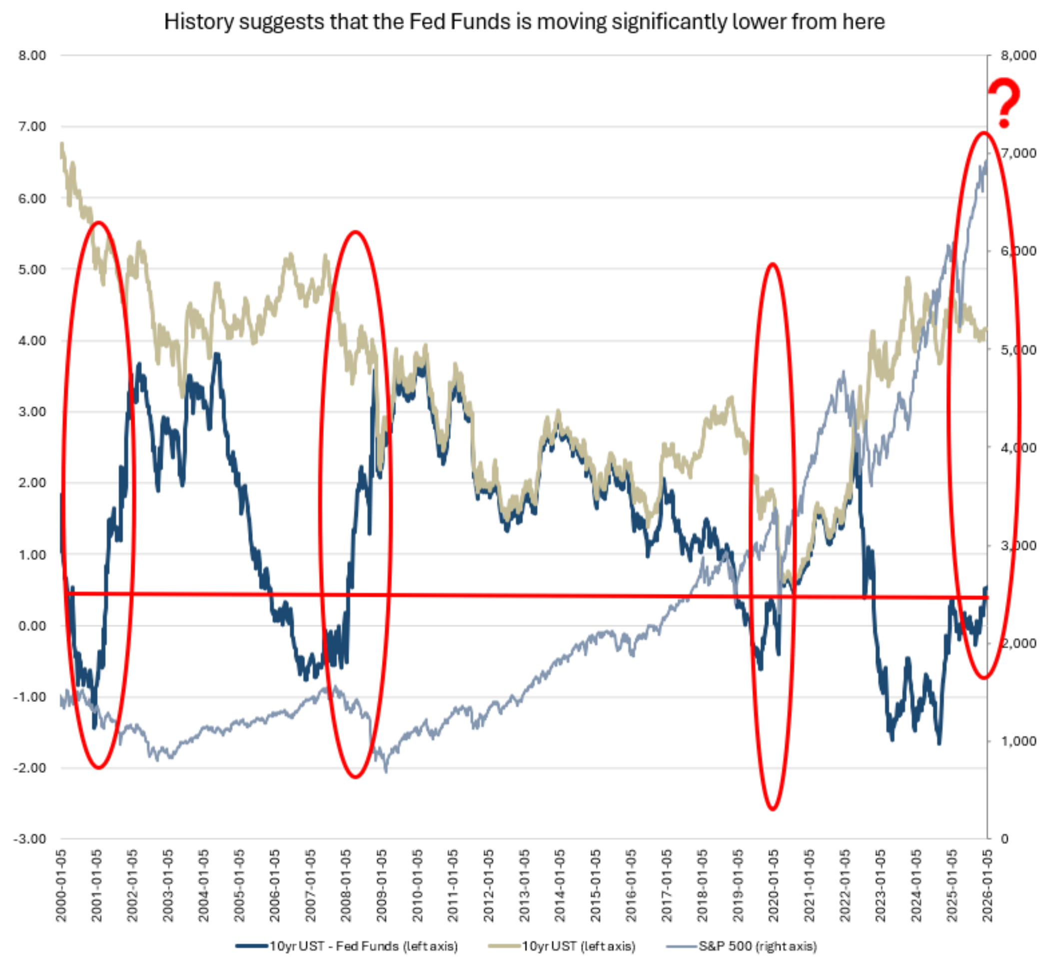
works in the short-term. Lower rates are coming, and they might be coming faster than the market currently prices in.



Source: Fred St. Louis (https://fred.stlouisfed.org/series/DGS10 + add other variables), internal modelling

The bond-future basis could push Powell to lower rates before he leaves

The bond-future basis trade nearly led to the collapse of major hedge funds and perhaps the entire financial system in 2020 – although few reported about it. I was managing some of the repo balances of one major hedge fund at that time and can tell you that it was "tight"! In August 1998, LTCM held $125bn

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in assets against only $4.1bn in equity[7], which is similar to the ratio that I observed six years ago. Back then, the bond-future basis trade was said to amount to roughly $500bn compared to over $1.5trn today[8] according to Morgan Stanley and Bloomberg. This compares to the amount of US Federal debt climbing by ~56% over that time[9]. Why is this trade so popular? Or in other words, when is it attractive to be long the US Treasury bond-future basis, i.e. long US treasuries, short the future? The answer is simple: Whenever US Treasuries trade at a cheaper price compared to the equivalent future, which generally happens when market participants believe that interest rates will fall, i.e. during the last phase of yield curve inversions. This is because an asset manager of any kind generally has most of its cash deployed. If this asset manager then wants to bet on lower interest rates (or hedge their exposure), they can either buy US treasuries and finance them via banks (on repo) or buy futures. Because of the regulations put in place after the Global Financial Crisis that limit the way banks can deploy their capital (i.e. balance sheet is not free, Basel III), the repo rate you have to pay to finance, say $1bn of US Treasuries outright, can be a lot higher than SOFR (official repo rate), if you are able to finance it at all. This is because banks have limited balance sheet and allocate this balance sheet carefully (each counterpart generally has a number assigned). Depending on the size of the asset manager, getting a quick $1bn of additional balance sheet is therefore not easy to obtain. This is why the asset manager instead agrees to buy US Treasuries in the future (i.e. buy futures), but never lets this contract actually settle, which then makes the gap between US Treasury Futures and US Treasuries widen, and the repo rate on the allocated balance sheet is generally not adjusting enough for this gap to close. However, this could quickly change. And therefore, watch the Secured Overnight Financing Rate (SOFR), as there were signs of stress in that corner of the market nearly 6 months before March 2020 (on 17th September 2019 the Fed had to step in and provide liquidity when SOFR more than doubled due to financing stress[10]). The volatility of SOFR is already higher in recent months than it was between 2021 and 2024. **SOFR should be on every investor's monitoring screen now, and any intra-month spike should be treated as a red flag, with the Fed likely stepping in again.**

[7] https://download.asic.gov.au/media/1347218/speech-Australian-hedge-funds-sector-systemic-risk-Tanzer-Sep-2013.pdf footer page 2
[8] https://www.bloomberg.com/news/articles/2026-01-13/basis-trade-has-ballooned-to-1-5-trillion-morgan-stanley-says?embedded-checkout=true, https://www.itiger.com/news/1183342271
[9] https://fred.stlouisfed.org/series/GFDEBTN
[10] https://www.federalreserve.gov/econres/notes/feds-notes/what-happened-in-money-markets-in-september-2019-20200227.html

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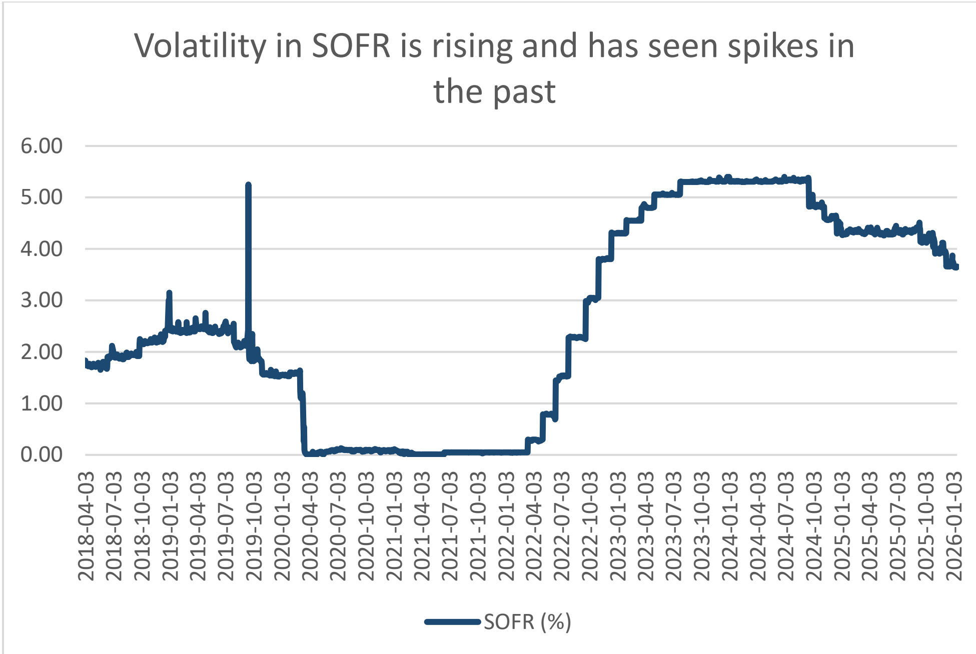
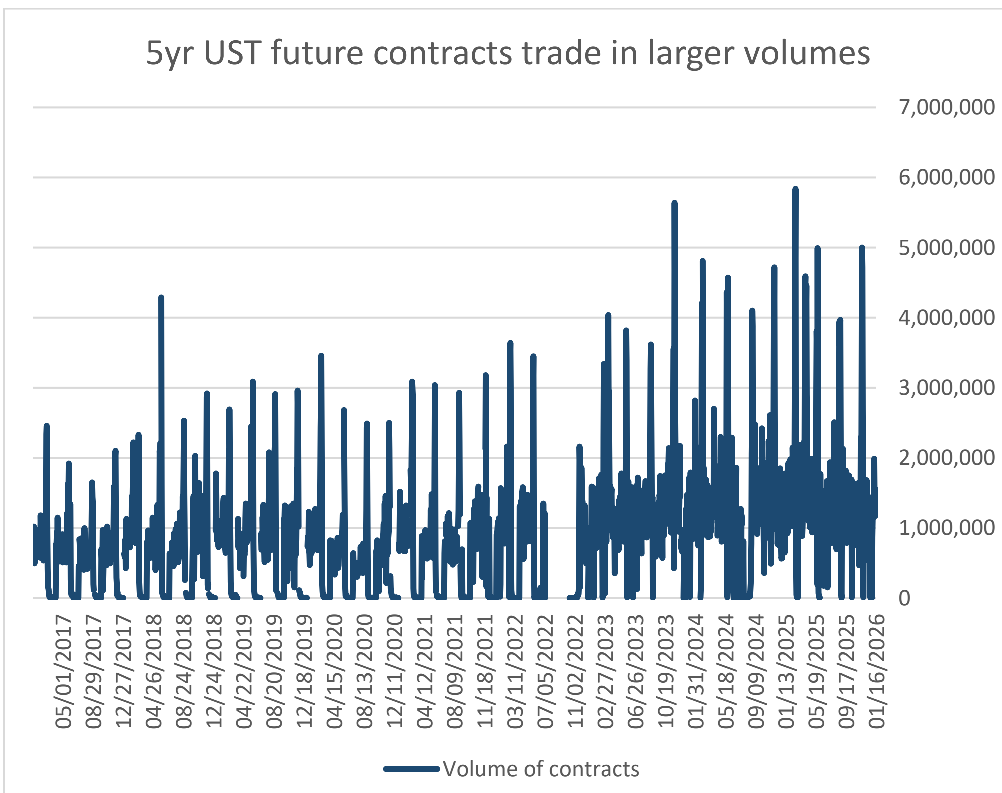


Source: FRED St. Louis https://fred.stlouisfed.org/series/SOFR



Source: Investing.com https://www.investing.com/rates-bonds/us-5-yr-t-note-historical-data

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Rare earths are the nuclear weapons of the 21st century

A typical Electric Vehicle (EV) requires around 3-5 kg of rare earths compared to only 100 grams for a typical hybrid or Internal Combustion Engine (ICE) vehicle[11]. Given that we produced around 92m cars in 2024[12], of which circa 17m were EVs[13], we would require around 217,500 metric tonnes of additional rare earths (75m cars multiplied by 2.9kg), if all cars produced in a year would be EVs. This compares to 390,000 metric tonnes of rare earth mine production globally in 2024[14]. Electrifying the economy (making it "green"), would therefore require a lot more rare earths production and refining, of which China takes 60% (production) & 90% (processing) of the global share as of 2024[15]. Although Japan has reduced its reliance on China on rare earths after the 2010 blockade (from 90% reliance to 60%[16]), the new rare earth blockade by China against Japan[17] raises questions once again whether the electrification and resulting dependence on China is going ahead as planned. At the same time, as mentioned in the prior quarterly report (here p. 19), a total blockade of all rare earths globally could lead to a Covid-like shock to the economy, and could be used by China as a means to defend its interests. However, ultimately rare earths magnets are all about high-end technology, which is necessary for top-tier military gear. Greenland currently holds the 8th largest rare earths reserves[18] with exploration activity and production below its potential. Since the country is largely uninhabited, it is an ideal place to mine the ores without disrupting human lives. The Kvanefjeld rare earths project, located in the South of Greenland, is said to be one of the largest rare earths projects worldwide with over 1bn tonnes of established mineral resource[19]. The project, however, has been put on ice by a uranium mining ban (the resource also contains some uranium) in 2021[20]. The likely reason behind is the ownership structure of the Australian mining company Energy Transition Minerals, which owns the Kvanefjeld project. Over 6.5% of its shares are owned by the Chinese

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[11] https://rareearthexchanges.com/news/the-automotive-industrys-rare-earth-reliance-from-metals-to-magnets-in-a-geopolitically-fragile-era-2
[12] https://www.statista.com/statistics/1097293/worldwide-motor-vehicle-production-by-type/
[13] https://rhomotion.com/news/over-17-million-evs-sold-in-2024-record-year/
[14] https://pubs.usgs.gov/periodicals/mcs2025/mcs2025-rare-earths.pdf
[15] https://www.asiapacific.ca/publication/chinas-new-rare-earth-controls-send-shockwaves-through
[16] https://www.weforum.org/stories/2023/10/japan-rare-earth-minerals/
[17] https://www.csis.org/analysis/chinas-rare-earth-campaign-against-japan
[18] https://investingnews.com/daily/resource-investing/critical-metals-investing/rare-earth-investing/rare-earth-reserves-country/, https://www.csis.org/analysis/greenland-rare-earths-and-arctic-security
[19] https://etransmin.com/kvanefjeld-project/
[20] https://www.arctictoday.com/former-danish-foreign-minister-hired-by-mining-firm-in-billion-dollar-dispute-with-greenland/

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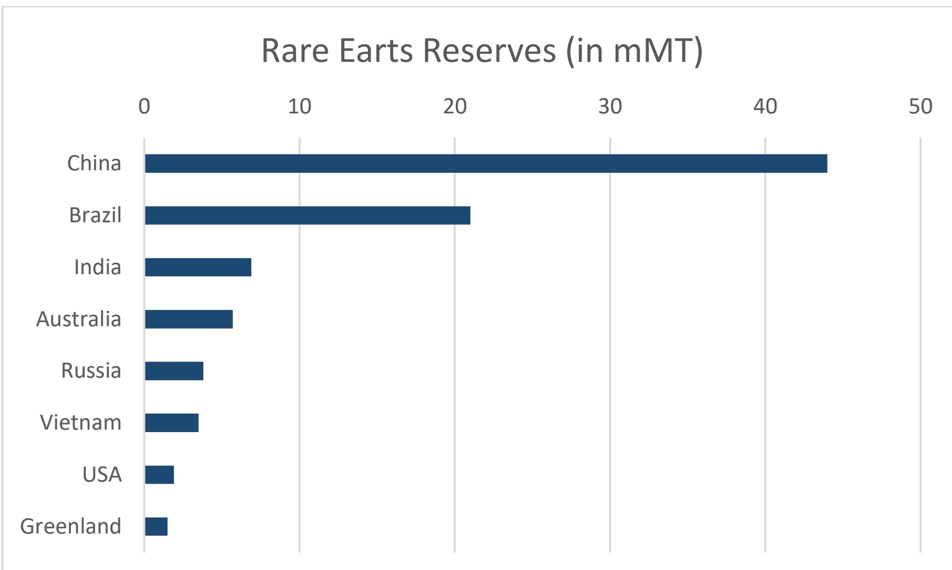
government through Shenghe Resources[21], which signed an agreement to process any rare earths mined from the project[22]. Compare this to the ownership of Amaroq Minerals, a company that also has a large rare earths project in development and is majority owned by Denmark related entities[23]. **The US needs rare earths (this article here goes into a few more interesting details and lays out how the US constantly got involved in the past to ensure China is not getting a foothold in Greenland and how US's Critical Metals Corp is playing a key role[24]). And this is perhaps why Trump puts maximum pressure on Denmark to gain the upper hand in Greenland – rare earths are directly related to security (as well as the Golden Dome). The outcome of this struggle could be a key determinant as to whether China or the US will be the 21st century's superpower.**

Rare earths reserves by country (ranked by reserves in million Mt)



Source: https://investingnews.com/daily/resource-investing/critical-metals-investing/rare-earth-investing/rare-earth-reserves-country/

[21] https://www.marketscreener.com/quote/stock/ENERGY-TRANSITION-MINERAL-10202831/company/
[22] https://www.csis.org/analysis/greenland-rare-earths-and-arctic-security
[23] https://wp-amaroq-minerals-2024.s3.eu-west-2.amazonaws.com/media/2026/01/AMRQ-Corporate-Presentation-January-2026.pdf slide 16
[24] https://www.criticalmetalscorp.com/projects/project-tanbreez/

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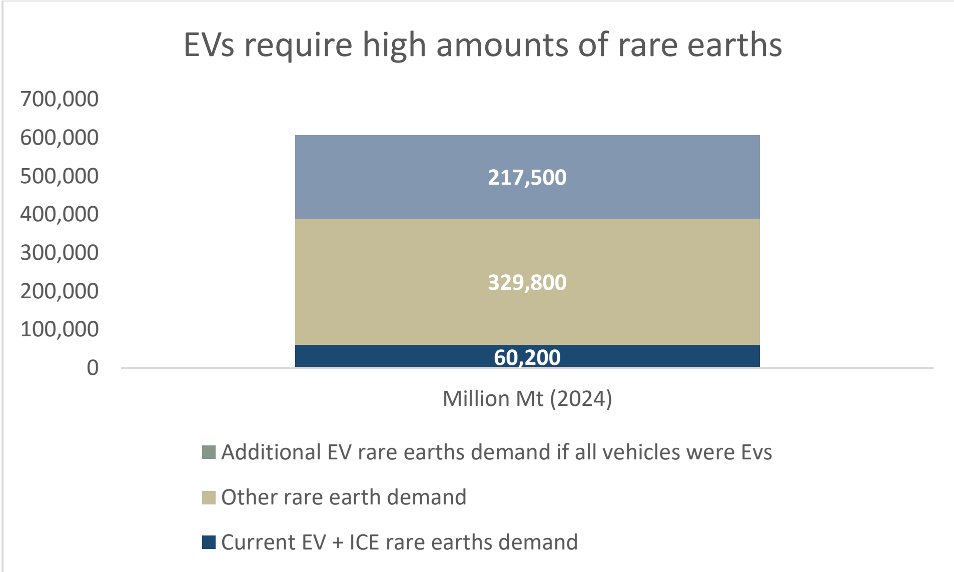

Source: https://pubs.usgs.gov/periodicals/mcs2025/mcs2025-rare-earths.pdf, https://rareearthexchanges.com/news/the-automotive-industrys-rare-earth-reliance-from-metals-to-magnets-in-a-geopolitically-fragile-era-2/, proprietary models

The other geopolitical arena: Venezuela

The capture of Maduro in Venezuela made Russia's invasion of Ukraine (with ultimately the same end goal as the US in Venezuela) look like a massive failure – even though Russia might ultimately still achieve its goals, in my opinion. Of course, Venezuela is all about oil. The country has the largest proven oil reserves in the world at about 303bn barrels (17% of world reserves)[25]. Whilst the heavy/sour crude oil requires specific, more complex refining, it is perfectly suited to make heavy bunker fuels, asphalt and lubricants[26]. Heavy bunker fuels and asphalt together already make up 9% of oil demand[27]. At the same time, nearly 70% of US refining capacity is solely able to handle heavier crude[28], whilst 80% of US's lower 48 crude production is light crude (API>35)[29]. The US imported around 6.3m b/d of crude oil in the first half of 2022, of which 91% were heavy crude oil – Canada accounted for 61% of all US crude imports (>3.8m b/d)[30]. In other words, the US is dependent on heavy crude oil. As the US plans to "run" Venezuela now, some of

[25] https://www.visualcapitalist.com/how-venezuelas-oil-reserves-compare-to-the-rest-of-the-world/
[26] https://www.quora.com/Why-is-an-oil-refinery-that-has-been-tuned-to-process-heavy-crude-less-operationally-efficient-at-processing-light-crude
[27] https://elements.visualcapitalist.com/visualizing-the-products-and-fuels-made-from-crude-oil/
[28] https://www.afpm.org/newsroom/blog/whats-difference-between-heavy-and-light-crude-oils-and-why-do-american-refineries
[29] https://www.api.org/energy-insights/charts-analysis/us-primarily-imports-heavy-crude-oils
[30] https://www.eia.gov/todayinenergy/detail.php?id=54199

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the Canadian crude imports could be exchanged with the crude oil from Venezuela. Currently, Venezuela exports approximately 750k b/d, of with 500k b/d go to China[31], which could now go to the US or sold legally at a higher price. However, for Venezuelan production to reach 2.5-3m b/d, S&P Global expects that this would take 10 years or more, and only another 500-700k b/d could be added within the next two or three years[32]. This would mean around 1.25 to 1.5m b/d of oil exports from Venezuela, which compares to around 1.8-2m b/d of oil exports from Iran at its peak last year[33], and around 1-1.2m b/d considering production vs. domestic demand[34]. In addition, to win the Ukraine war, Europe needs to crack down on Russia's shadow fleet – and it appears like Europe is tightening the strings given latest interaction of the German and Italian Navy[35]. **I believe Venezuela is the Trump Card, which enables the US to pursue the toppling of the Iranian regime without risking another 1979 style oil spike scenario – at least that's the idea. Given how cheap some of the oil producers are (EnQuest, Seplat Energy), the risk of Iran related oil spikes (even though short-term) and the potential crackdown on Russia's shadow fleet and ongoing Ukraine war provides plenty of potential supply deficit related events. Whilst the midterm elections on 3rd November will keep Trump laser focused on low prices at the pump, US military buildup in the Middle East appears to continue[36]. The two charts on inflation further below also demand close attention, as another inflation spike in Q1 2026 would be in line with the two major historic inflation waves.**

[31] https://www.spglobal.com/ratings/en/regulatory/article/venezuela-the-oil-trade-and-who-stands-to-benefit-s101664836
[32] https://www.spglobal.com/ratings/en/regulatory/article/venezuela-the-oil-trade-and-who-stands-to-benefit-s101664836
[33] https://www.fdd.org/analysis/2025/12/04/irans-oil-exports-remained-near-peak-in-november/
[34] https://www.ceicdata.com/en/indicator/iran/oil-consumption, https://tradingeconomics.com/iran/crude-oil-production
[35] https://gcaptain.com/italy-seizes-ship-over-russian-steel-cargo-linked-to-novorossiysk/, https://gcaptain.com/germany-denies-baltic-sea-entry-to-shadow-fleet-tanker-tavian-in-unprecedented-move/
[36] https://www.twz.com/news-features/u-s-military-buildup-in-the-middle-east-grinds-on

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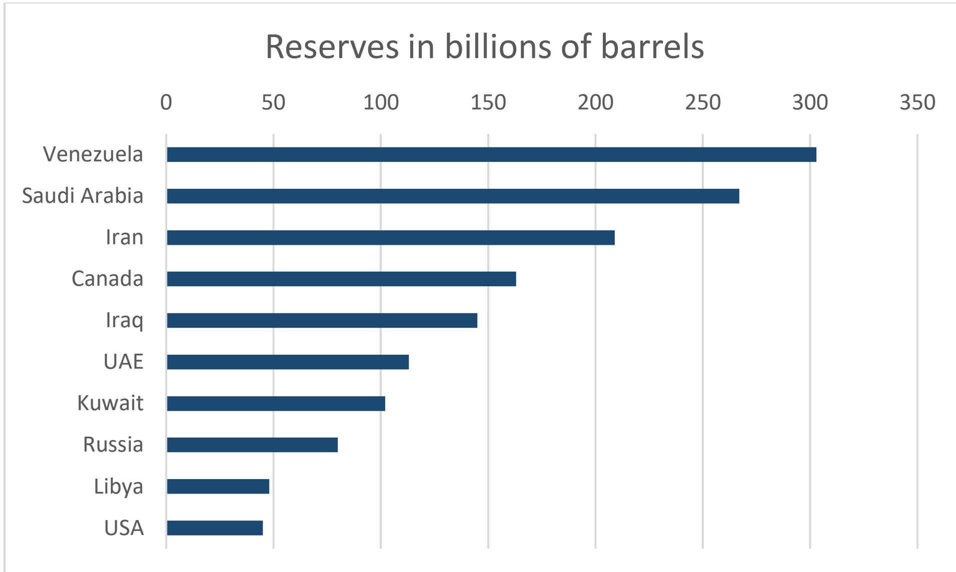
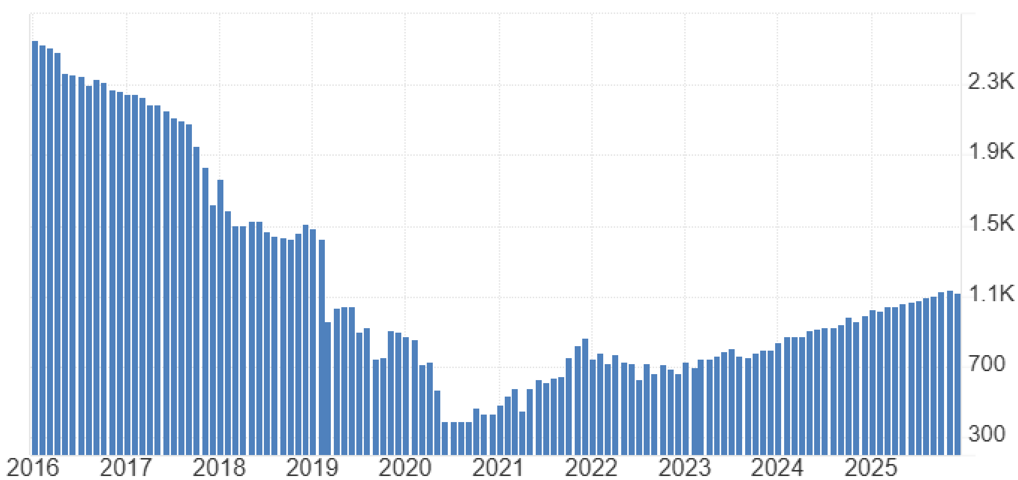
World's oil reserves by country (ranked by amount)



Source: https://www.visualcapitalist.com/how-venezuelas-oil-reserves-compare-to-the-rest-of-the-world/

Venezuela crude oil production in b/d (325k b/d domestic oil consumption[37])



Source: https://tradingeconomics.com/venezuela/crude-oil-production

[37] https://www.ceicdata.com/en/indicator/venezuela/oil-consumption

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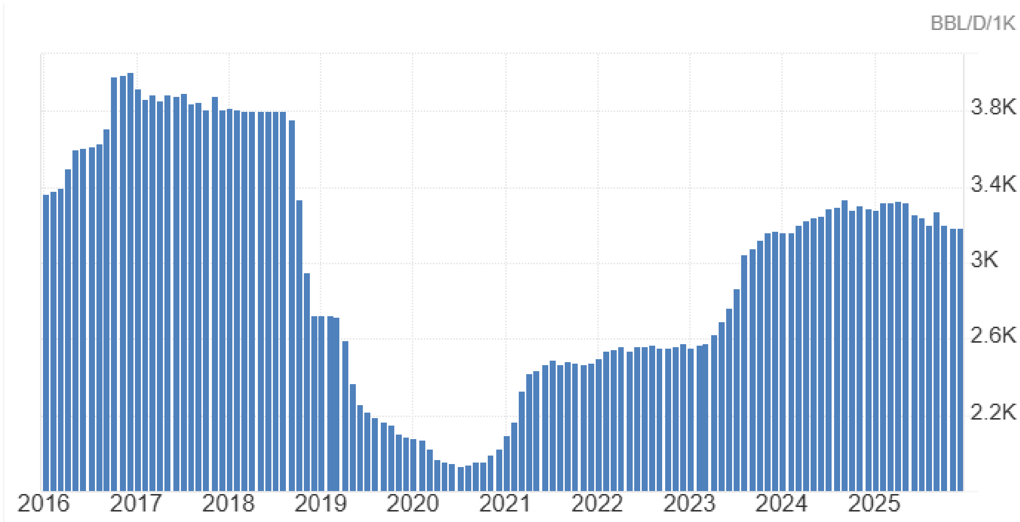
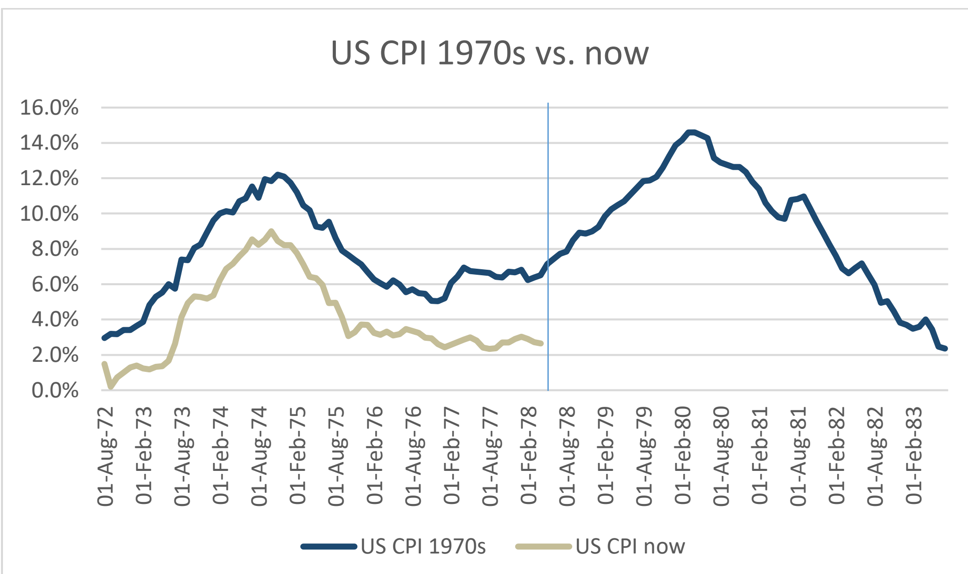
Iran crude oil production in b/d (1.95m b/d domestic consumption[38])



Source: https://tradingeconomics.com/iran/crude-oil-production



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

[38] https://www.ceicdata.com/en/indicator/iran/oil-consumption

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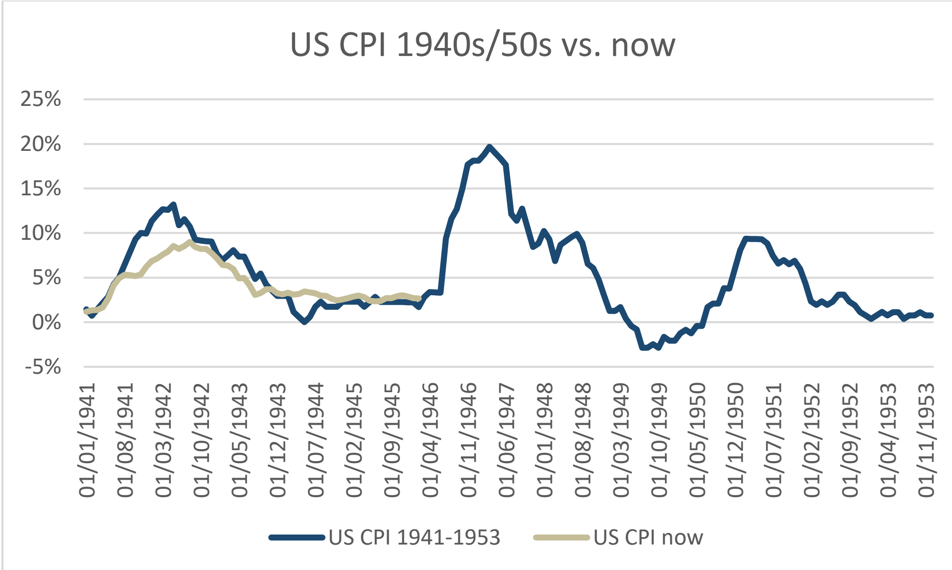

Source: FRED St. Louis https://fred.stlouisfed.org/series/CPIAUCSL, data from GalaxyPlus platform

Precious metals remain "shiny"

From the beginning of 2016 until the end of 2025, gold went up by +246%[39]. This compares to a rally of +439% between 2002 and 2012 ("dotcom" hyperglobalisation and then GFC and low interest rates), and +359% between 1977 and 1980 (Iranian Revolution)[40]. Silver is up over +407% between 2012 and 2025 compared to +705% (trove to peak) between 1977 to 1980 and +1032% between 2002 and 2012 (trove to peak)[41]. From that perspective, and given that we are going through major geopolitical changes as well as record government debt/GDP levels, the precious metal rally could still have plenty of upside. However, **I believe that PGMs (Platinum Group Metals, i.e. platinum, palladium, rhodium, (gold), iridium and ruthenium) are the more attractive investment due to 1.) the shift back from EVs to ICE/hybrids as a direct result of the rare earth supply concentration from China, 2.) the emerging demand of iridium and ruthenium from data centers and high-tech electronics, 3.) multiple years of supply deficits[42], and 4.) the ratio of gold to platinum (as of 19th Jan 2026 at 1.5x when considering platinum weighs 1/3 more than gold), which makes jewellers substitute white gold for platinum[43].**

[39] https://www.tradingview.com/symbols/GOLD/?timeframe=120M
[40] https://www.tradingview.com/symbols/GOLD/?timeframe=ALL
[41] https://www.tradingview.com/symbols/SILVER/?timeframe=ALL
[42] https://matthey.com/media/2025/johnson-matthey-publishes-2025-pgm-market-report
[43] https://www.serendipitydiamonds.com/blog/upgrading-from-18ct-white-gold-to-platinum/

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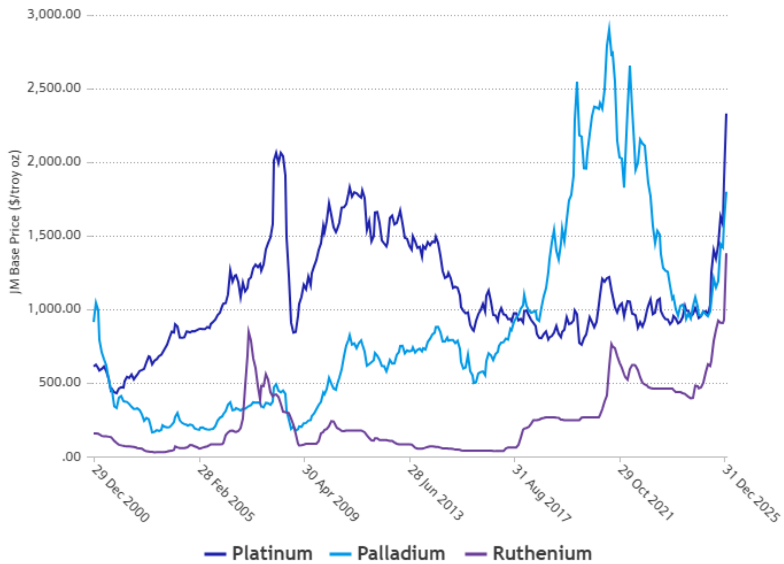
Platinum, Palladium and Ruthenium continue to climb (chart since 1 Dec 2000)

Metal	Current price ($/troy oz)
☑ Platinum	2,476.00
☑ Palladium	1,890.00
☐ Rhodium	10,100.00
☐ Iridium	6,000.00
☑ Ruthenium	1,425.00

Last update : 21 Jan 2026/Hong Kong



Platinum average: $1,101.42

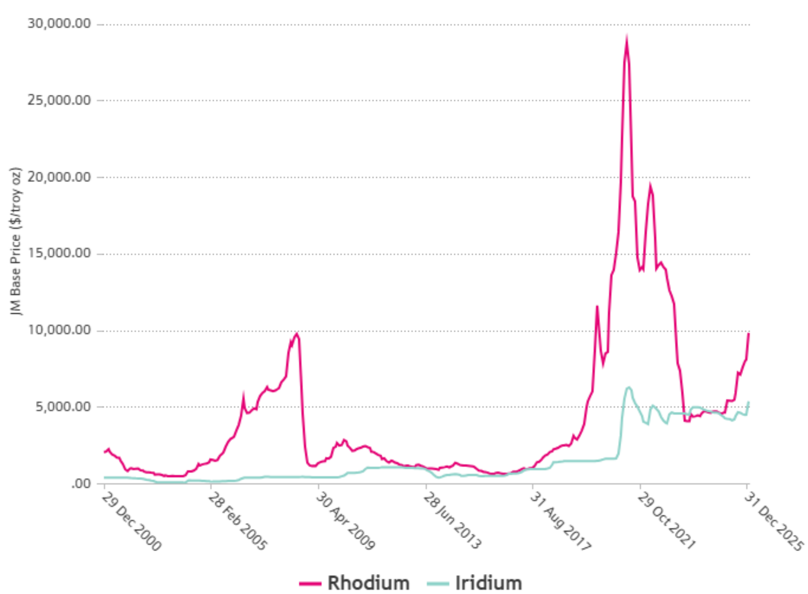
Palladium average: $859.80

Ruthenium average: $237.51

Rhodium and Iridium also continue to climb (chart since 1 Dec 2000)

Metal	Current price ($/troy oz)
☐ Platinum	2,476.00
☐ Palladium	1,890.00
☑ Rhodium	10,100.00
☑ Iridium	6,000.00
☐ Ruthenium	1,425.00

Last update : 21 Jan 2026/Hong Kong



Rhodium average: $4,261.24

Iridium average: $1,477.81

Source: https://matthey.com/products-and-markets/pgms-and-circularity/pgm-management

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Performance[44]

Q4 2025 was a very disappointing quarter at -9%. The biggest drawdown was from a large position in Trainline (-7%) that I bought ahead of the half-year results early November, given that the shares rallied over 15% on and after the trading update earlier in September[45]. Despite another rise in profit expectations[46], the market sold the shares and the UK government then came out ahead of the UK Budget freezing rail fares and emphasizing the building of the GBR website and app once again[47]. I've just not learnt my lesson and kept thinking that the government will ultimately bring Trainline and the private sector onboard – this might take a bit more time. There were a few other smaller positions that contributed further to downside (WPP and SSP -7% each) and some upside (RWS +5%). I'll provide only a short comment on the holdings as of 31st December 2025 below. As I'm transferring my portfolio to Interactive Brokers in Japan, I'm currently going through the process of selling everything, then FX it to JPY and transfer it, and then buy it back, which unfortunately takes quite long and results in some losses.

Current holdings

Company	Average Purchase Price	Current Market Price	% change
Hilton Foods Group Plc	4.95	5.04	2%
Future Plc	5.38	5.27	-2%
ASA International	1.94	1.90	-2%

As of 31st December 2025

[44] all assumptions and observations are based on internal modelling and data analysis. Past performance is not a guide to future performance
[45] https://businesscloud.co.uk/news/trainline-sees-share-price-jump-as-it-raises-profit-expectations/, https://www.google.com/finance/quote/TRN:LON?window=1Y
[46] https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/3717/6232/6169/Trainline_plc_H1_FY26_Earnings_release_FINAL.pdf p.7
[47] https://www.gov.uk/government/news/first-rail-freeze-in-30-years-to-ease-the-cost-of-living

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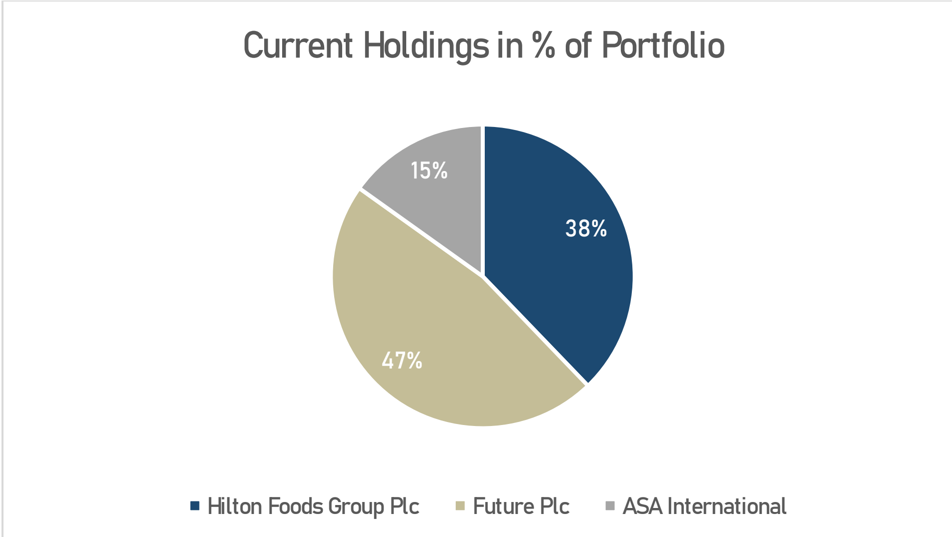

As of 31st December 2025

Hilton Food Group (£450m market cap, £135m net debt, £4bn revenue, 2.2% profit margin)

Hilton Food Group is a typical turnaround candidate, here is the full note. The company only works with the leading supermarket in regions like the UK, Europe, Australasia, the US (fish) as well as Canada & Saudi Arabia from 2026/27, and processes mostly meat but also fish. I just want to point out a few things here: 1.) The revenue to enterprise value ratio is at 6.9x (perhaps the highest in its industry and higher than a company like Smiths News at 6.4x), 2.) Tesco, Hilton Food Group's largest customer, provided a positive trading update with strong growth in fresh food[48], which includes meat, and 3.) the CEO recently left and industry veteran Mark Allen OBE took over as Executive Chairman. Mark recently left the AG Barr Chairman position to focus fully on the Hilton Food Group turnaround[49], delivering first changes to its board and executive team[50]. The headwind, the seafood business, remains, as North Sea cod quotas are cut by 44% in 2026[51]. It is also surprising that Mark Allen OBE did not buy shares himself yet, after quitting all his other roles. With another ~£100m in capex in 2026, I would not be surprised to see a ~£40m equity raise; however, I believe that together with a turnaround or sale of the seafood business, a potential raise could also draw high investor demand and would form the basis of a strong turnaround.

48 https://www.londonstockexchange.com/news-article/TSCO/q3-christmas-trading-statement-2025-26/17403738
49 https://www.londonstockexchange.com/news-article/BAG/directorate-change/17414475
50 https://www.londonstockexchange.com/news-article/HFG/board-and-senior-leadership-changes/17403817
51 https://www.seafoodsource.com/news/supply-trade/norway-eu-uk-agree-to-cut-quotas-in-north-sea-cod-fishery-kept-open-in-2026

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Hilton Food Group significantly underperformed Hormel Foods in recent months

Source: https://www.google.com/finance/quote/HFG:LON?comparison=NYSE%3AHRL&window=1Y

Future (£480m market cap, £300m debt, £745m revenue, 28% profit margin)

Future is a publishing business and faces risks from AI and a scandal that hit their Go.Compare advertising opera singer, which together with a weaker dollar caused a 5% decline in revenue and a 7% decline in profits in 2025 (prior note here). However, 1.) the company now trades at a 5x P/E and magazine demand has held up strongly[52]. 2.) Reach Plc, a tabloid publisher has recently updated the market, beating analyst's profit expectations amid resilient newspaper demand[53]. 3.) Future shares are down -45% in just one year, and <-60% when including the share buyback programme compared to just a -7% decline in profits. Whilst returning still over 10% of market cap to shareholders, the remaining profits are finally being reinvested in new acquisitions[54], which should stop the decline in revenue and profits.

[52] https://pressgazette.co.uk/publishers/magazines/future-takes-action-on-google-zero-as-revenue-declines/
[53] https://www.londonstockexchange.com/news-article/RCH/trading-update/17420937
[54] https://otp.investis.com/clients/uk/future_plc/rns/regulatory-story.aspx?cid=967&newsid=2027328

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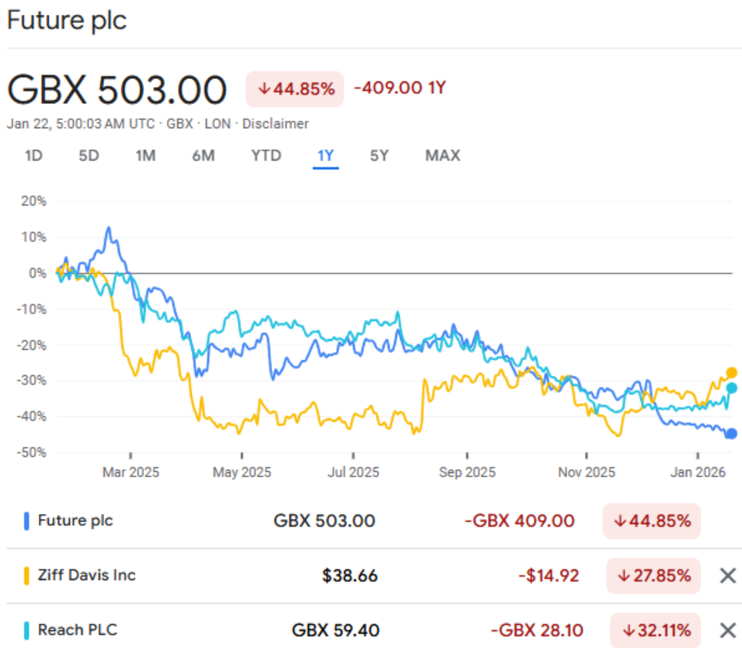
Future provides attractive relative value



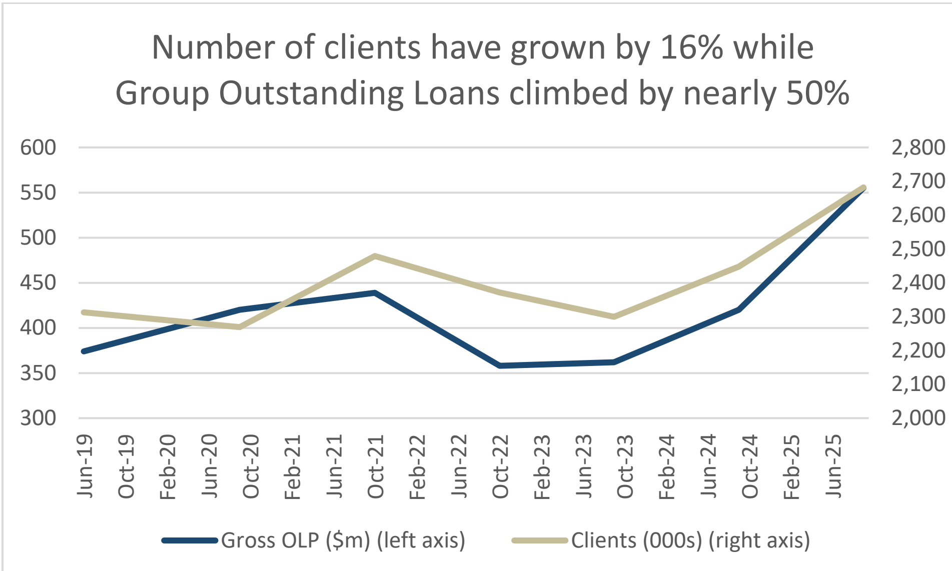
Source: https://www.google.com/finance/quote/FUTR:LON?window=1Y&comparison=NASDAQ%3AZD%2CLON%3ARCH

ASA International ($260m market cap, $50m net profit)

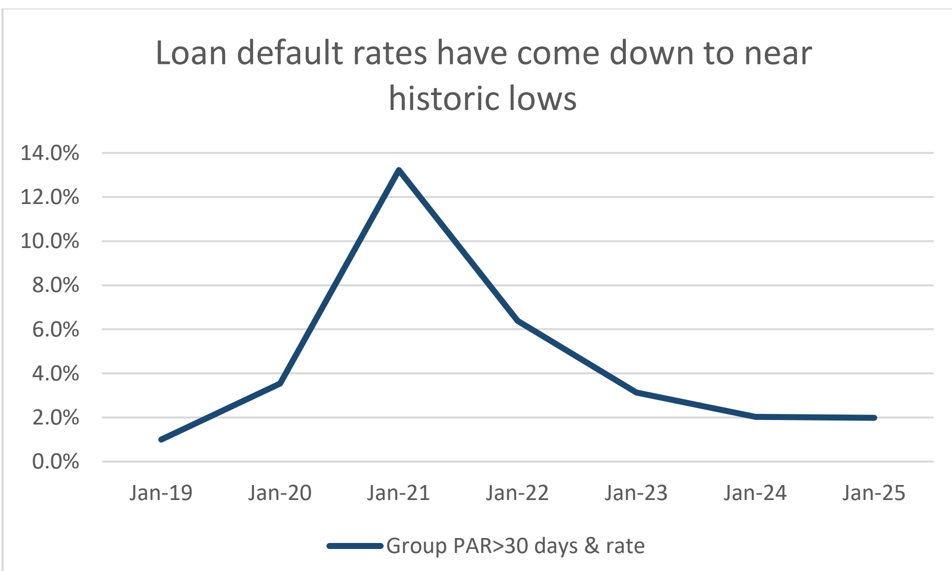
ASA International is a microfinance business that lends money to females in developing countries. The business struggled after Covid due to high exposure to India (40% of gross balance in 2020), which had high default rates[55] (they were basically being scammed). This is now changing, 1.) The new management has put more competent people in place and shifted their portfolio away from India (mentioned during a call with them), with the largest region making up no more than 20% of total gross lending. 2.) The Ukraine invasion led to a strong USD, which affected them, as they lend in local currency. They were also impacted by hyperinflation in several African nations. This has now turned around and the FX headwind, which was -$24.1m in 2023[56], is becoming a tailwind at +$17m in H1 2025 (the FX impact is excluded from the ~$50m net profit figure for 2025)[57]. I.e. a weaker US dollar is a boon for ASA. 3.) I simplify here: One large shareholder (>20%) voted against one AGM resolution[58], which enables ASA's co-founder, Dirk Brower, to

[55] https://www.asa-international.com/media/1877/210526-asa-international-group-plc-fy-2020-results-rns.pdf
[56] https://www.asa-international.com/media/2376/asa_ar23_interactive.pdf p. 110
[57] https://www.asa-international.com/media/2496/asaig-interim-financial-report-2025_23092025-1.pdf p. 25
[58] https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=7851649&lang=en-GB&companycode=uk-asa&v=

not make a mandatory takeover offer for the company despite owning more than 30% of outstanding shares vis Catalyst Microfinance Investors (CMI) and Catalyst Continuity. CMI has now sold its shares, and I believe Dirk Brower has <30% of outstanding shares now[59], reducing the impact of forced selling.



Source: ASA's financial reports from 2019-2025 https://www.asa-international.com/investors/results-reports-presentations/



Source: ASA's financial reports from 2019-2025 https://www.asa-international.com/investors/results-reports-presentations/

[59] https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=7874354&lang=en-GB&companycode=uk-asa&v=, https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=7862680&lang=en-GB&companycode=uk-asa&v=

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Outlook

The macro topics I covered in the first part of this note show a confusing narrative: Lower interest rates, risks of a market crash, lower oil prices due to Venezuela, but potentially higher oil & gas prices due to a change in the Iranian regime. I did not touch on the possibility of a Japan debt crisis or a Chinese-led rare earth ban, which are other risks to watch out for. I expect the precious metal rally to continue into its last leg. Hence, I'm potentially still seeking exposure, but prefer PGMs, as there is another benefit in investor expectations of ICE vehicles staying around for longer (or forever) and datacenter demand for 6E PGMs. Sylvania Platinum's basket price currently trades near the basket price peak of 2021[60], and if prices were to remain stable for one year, it would be equivalent to 5x P/E. However, the current portfolio has a lot of idiosyncratic levers in the making and should therefore perform over a 6-months horizon despite certain macro risks impacting their businesses. **The title of "the last stage of Globalization is Colonization" is my opinion that we will return to a phase of colonization (in Africa and other countries via companies & maybe military compounds), not because we want to, but because if we don't do so, China, Russia and the Middle East will win control of the world's resources, enabling them to hold the West hostage. This is the uncertain macro & European political polling[61] suggests that it will come to the fore in the next European election cycle via nationalism and anti-migration policies.**

Sincerely,

David Herrmann

[60] Based on internal modelling

[61] https://en.wikipedia.org/wiki/Opinion_polling_for_the_next_German_federal_election, https://en.wikipedia.org/wiki/Opinion_polling_for_the_next_United_Kingdom_general_election, https://en.wikipedia.org/wiki/Opinion_polling_for_the_2027_French_presidential_election

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