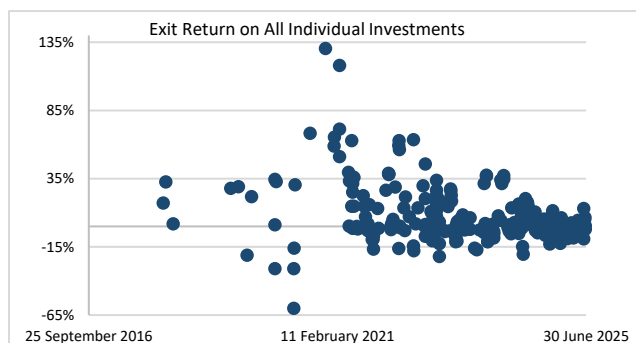


Love the business we invest in, but don't fall in love with the business

AozoraStep is launching its UK equity turnaround and special situations investment strategy to investors, which focuses on deep-value opportunities in a concentrated portfolio where external factors lead to a turnaround in valuations within 6 months. The UK market has over 1,700 listed companies, of which in general 50-100 companies are potential turnaround candidates or special situations. Of these opportunities, only 2-10 have an attractive imminent risk/reward of +40%/-20% return within 6 months. With a 23.6% CAGR over 8 years, we are now onboarded with Vittoria & Partner to offer the strategy through separately managed accounts via Interactive Brokers & advisory mandates.

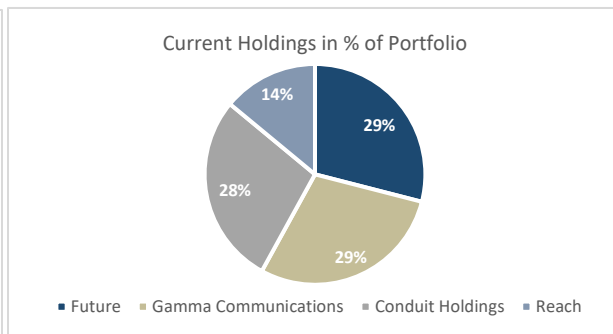
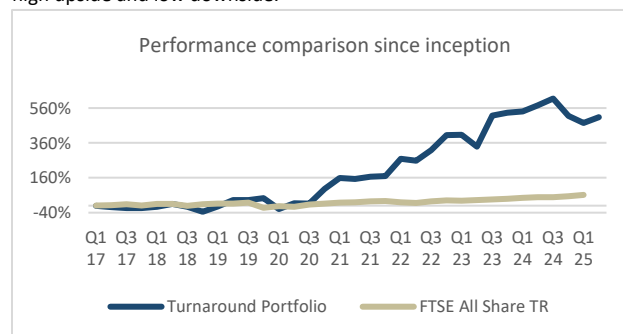
Year	Turnaround Portfolio	FTSE All Share TR
2017	-9%	9%
2018	-31%	-9%
2019	113%	19%
2020	52%	-10%
2021	37%	18%
2022	99%	0%
2023	26%	8%
2024	-1%	10%
H1 2025	-2%	9%

Period	Turnaround Portfolio	FTSE All Share TR
CAGR	23.6%	5.8%
2017-Q1 25 Return	507%	62%



Opportunity, challenge & how to achieve uncorrelated returns with a UK long-only equity portfolio

GS noted the following in December 2024: UK equity markets trade at a 50% discount to the US and a 40% discount on a sector-adjusted basis. Even compared to Japan, UK has roughly twice the ROE of Japan but a similar Price-to-Book value*. Over the last 25 years, UK pension and insurance funds reduced their UK equity portfolio from over 45% to less than 5%**. The UK government is now working to turn this decline around via the Mansion House Accord***, which could close the valuation gap of the UK vs. other regions. However, the challenge of high government debt and rising taxes, as well as de-globalisation make a long-only equity portfolio vulnerable to these external developments. AozoraStep's portfolio is targeting to align these external factors to attractive valuations by applying a 6-months investment horizon in a concentrated portfolio, effectively investing in short-term business cycles. The result is uncorrelated returns that seek to provide investors with high upside and low downside.



David Herrmann, Managing Partner & Portfolio Manager

David has started his career as a Securities Lending Trader at UBS Investment Bank and managed multiple short-term interest rate portfolios at Bluecrest Capital Management. The know-how he has gained from working together with some of the best portfolio managers globally, has led him to create his UK equity turnaround strategy and AozoraStep Capital. David holds a BSc in Economics and Finance from the University of Amsterdam and has lived and worked in over 8 countries on 4 continents. He is committed to using 10% of the 20% performance fee (2%) to help other entrepreneurs start up and over the longer term wants to create a UK Berkshire Hathaway. David likes to work with investors who enjoy both, value investing & macro analysis.

Terms & Conditions

- Legal setup: Limited Liability Partnership
- Managing Partner: David Herrmann
- Domicile: England, UK
- Investment Manager: Vittoria and Partners
- Structure: SMA or fund (planned)
- Broker: Interactive Brokers or other (planned)
- Administrator: Opus or NAV (planned)
- Legal Counsel: Simmons & Simmons
- Accountants: HiCloud Accounting – Plan to work with HaysMac with first clients to enable growth
- Auditor/Verification: Sedulo (Q1 19 – Q1 21 performance approved) & HiCloud Accounting (2020 – 2024 performance approved)
- Minimum Investment: £100k
- Fee structure: 1% management fee (monthly) / 20% profit share (quarterly) + 8% soft hurdle + high watermark (perpetual)
- Redemptions: On quarterly basis with 30 days notice / no lockup



For professional investors only - Past performance is not a guide to future performance

Sources

* <https://www.gspublishing.com/content/research/en/reports/2024/12/13/bcb99822-b919-47e7-99d3-755181123bc2.html>

** <https://www.gov.uk/government/publications/pension-fund-investment-and-the-uk-economy/pension-fund-investment-and-the-uk-economy>

*** <https://www.gov.uk/government/news/pension-schemes-back-british-growth>

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