INVESTOR CENTER RESEARCH

Sept-25 Portfolio Update

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Current Portfolio Snapshot

Here's where the model portfolio stands today.

Portfolio Summary	
Portfolio Snapshot Date	September-2025
Portfolio Value ($)	102,350
Cash %	76.1%
Invested %	21.6%
Cash ($)	77,869
Portfolio Gain (Ex-Cash)	10.6%
Portfolio Return (Inc-Cash)	2.3%

Name	Ticker	Date Added	Status	Shares	Entry Price	Current Price	Cost Basis ($)	Market Value ($)	Unrealized P&L (%)	Weight %	Dividends	Return
Evolution AB	EVO/EVVTY	Jun-25	Buying	68	$73.83	$85.1	$5,020	$5,787	15%	5.7%	$0	15%
United Rentals	URI	Jun-25	Holding	7	$698.67	$943.89	$4,891	$6,607	35%	6.5%	$13	35%
Transdigm	TDG	Jun-25	Buying	4	$1414.48	$1289.29	$5,658	$5,157	-9%	5.0%	$360	-2%
Kaspi.kz	KSPI	Jul-25	Buying	36	$81.95	$81.82	$2,950	$2,946	0%	2.9%	$0	0%
Coupang	CPNG	Sep-25	Buying	110	$32.83	$32.83	$3,611	$3,611	0%	3.5%	$0	0%
Cash								$77,869				

Figure 1 Portfolio Dashboard as of September 30, 2025

Need help decoding the table?
[Click here for the Portfolio Glossary](), where we break down what each column means.

Portfolio Update

Our portfolio declined modestly month-on-month as initial gains in Kaspi.kz reversed. Excluding cash, our return since inception in June stands at 10.6%. This figure includes our new Coupang position added this month, which by definition starts at 0% unrealized gain and therefore reduces the overall portfolio return. Excluding this new position, our return since inception was 12.7%, compared to the MSCI World Index at 9% and S&P 500 at 11% over the same period.

While some early outperformance has eroded, this reflects the reality of value investing. We invest with multi-year horizons and don't expect to consistently beat the market monthly. Periods of underperformance are inherent to our strategy: we buy when the market underestimates value, often during periods of pessimism toward a company (as we're seeing with Evolution and Kaspi). Timing the precise bottom is impossible; we frequently buy before sentiment improves.

This patience represents our key advantage over Wall Street. Hedge fund managers face monthly or quarterly performance pressure from their investors, preventing them from buying deeply discounted stocks that may take months to recover. Their absence maintains these discounts long enough for patient investors to capitalize. This time arbitrage is central to our approach.

Now for individual company updates.

Evolution AB – 15% return

A US federal court dismissed with prejudice a securities class action brought by ADR investors, removing a significant legal overhang. The lawsuit alleged investor misleading but lacked merit in our view. Management remains highly aligned, founders remain on the board and the CEO personally invested over $11 million above current prices in recent years. The company continues capitalizing on its depressed valuation through active share repurchases, with multiple tranches disclosed in September.

TransDigm – (2)% return

TDG stock was down ~7% during the month of September. However, during the month of September, TDG paid a sizable special dividend of $90 per share. This $90 special dividend represents ~7% of TDG's pre-dividend stock price resulting in a roughly flat total return for TDG stock during the month of September. Relative to TDG's Aerospace peers, TDG's valuation appears much more reasonable. For example, TDG's peer Heico has seen its multiple expand nearly 50% since December 2023 vs TDG at essentially flat. We believe the long term thesis for TDG remains intact and we are considering potentially increasing TDG's weighting in the model portfolio.

United Rentals – 35% return

URI stock price was essentially flat in the month of September. During the month, there were no significant updates or news involving the company. URI continues to execute against all key elements of the investment thesis. In terms of economic data that impacts URI, the US construction demand environment remains mixed. Large contractors with exposure to "mega projects" such as Data Center and Infrastructure continue to remain resilient. However, small contractors with more cyclical, interest rate projects (residential construction and pockets of commercial such as warehouses and retail) remain challenged. However, at Sunbelt's (#2 player, URI competitor) recent earnings release management claimed that they are seeing an improvement in the demand outlook for small contractors due to tariff uncertainty decreasing and excitement over potentially lower interest rates. If there were to materialize, this would be a positive for URI as we would expect both rate (pricing) and utilization of equipment to increase.

Kaspi.kz – 0% return

Shares declined 9% this month without material company news. The drop likely reflects normal emerging market volatility combined with two sell-side analysts lowering near-term price targets. While these analyst reports have minimal value for long-term investors, they can trigger short-term trading by hedge funds and quant strategies.

The company trades at just 6.45x forward P/E despite maintaining 30%+ revenue growth and 40% net income margins. Management is deploying excess cash to fund the Hepsiburada acquisition in Turkey but has indicated that if valuations remain depressed, they'll likely authorize new repurchase programs once cash becomes available again. With 76% EBITDA margins, we expect substantial excess cash generation by end-2025.

Stock spotlight: why we're buying Coupang

We are initiating a position in Coupang (NYSE: CPNG) at $32.50, representing our conviction that the market is fundamentally misunderstanding this dominant Korean e-commerce platform's earnings trajectory.

Why We're Buying Now

The investment community fixates on Coupang's thin 4.5% consolidated EBITDA margins, missing a critical insight: the core Product Commerce business (88% of revenue) already generates exceptional 32.8% cash returns on equity. This profitability is masked by heavy investments in Developing Offerings, creating a rare opportunity to buy a high-quality compounder at a discount.

Four catalysts will drive adjusted EBITDA margin expansion from today's 4.5% to 10%+:

1. **Market Consolidation Creating Pricing Power**: The Korean e-commerce market is morphing into a Coupang-Naver duopoly, with the two players now controlling over 40% combined share. As competition rationalizes, Coupang can retain more scale economies while still sharing the majority with customers.
2. **Operating Leverage Already Evident**: While consolidated figures show expenses growing alongside revenue, Product Commerce reveals the real story: 13% revenue growth drove 30% EBITDA growth in 2024. Q2 2025 saw Product Commerce margins reach 9% for the first time.
3. **Mix Shift to Higher-Margin Revenue**: Fulfilled by Coupang (130% YoY growth), advertising (potentially 4-5% of GMV), and WOW membership fees carry superior economics to core retail. These streams are growing multiples faster than traditional commerce.
4. **Developing Offerings Turning Profitable**: Management's disciplined capital allocation ensures ventures either reach profitability or get discontinued, as demonstrated by their exit from Japan when ROI targets weren't met.

Coupang has built an unassailable competitive position through its Scale Economies Shared model: systematically reinvesting operational efficiencies into customer value rather than profit margins. This creates a self-reinforcing flywheel where scale enables lower costs, funding better service that attracts more customers, driving greater scale.

The moat manifests through:

- **Logistics dominance**: 100+ fulfillment centers covering 70% of Korea's population within 7 miles, enabling 99% next-day delivery
- **Technology edge**: Machine learning systems orchestrating millions of daily decisions, capabilities earned through years of operational data
- **Ecosystem lock-in**: 14+ million WOW members deeply integrated across shopping, groceries, food delivery, and streaming
- **Brand equity**: "Rocket Delivery" has become synonymous with reliable e-commerce, with 38% of Koreans citing Coupang as their most-used shopping app

At today's valuation, we're acquiring the dominant player in a rapidly consolidating duopoly, run by an aligned founder with proven execution, at a material discount to intrinsic value.

Read the full deep dive

We encourage you to read the full research report on Coupang by clicking this link.

If you haven't set up your member account yet, you can create your password here.

Portfolio Risk Lens

While we build the portfolio deliberately, risk management is already front of mind. With only 18% of capital deployed, our exposure is limited, but the quality and nature of our early positions still matter.

Here are the key risks we're watching across our first four holdings:

- **Macro & rate sensitivity**
  All five companies rely, in different ways, on robust economic activity. A sharp slowdown, or a sustained rise in real interest rates, could weigh on both earnings and valuations. TransDigm's high leverage and Kaspi's lending and payments exposure make this especially relevant. Heightened interest rates in Kazakhstan are weighing on Kaspi's net income growth while the prospect of lower rates in the USA is driving positive sentiment on United Rentals.
- **Regulatory overhangs (diversified but present)**
  All five businesses operate in environments that can shift suddenly with policy changes. Although these risks all fall under the regulatory umbrella, they are highly diversified; each company interacts with different regulatory bodies across different jurisdictions, reducing the risk of a single point of failure. Regulatory and legal risks are driving negative sentiment towards Evolution stock.
- **Capital allocation execution**
  Each company leans heavily on disciplined reinvestment. Coupang by investing shrewdly into promising adjacencies, Evolution by launching new games, TransDigm by acquiring niche suppliers, URI by managing capex cycles and Kaspi by launching new verticals. Success depends on staying sharp and avoiding missteps. That said, the management teams at all five businesses have track records of highly effective capital allocation and are well-aligned with shareholders.
- **Currency Risk**
  While the majority of our capital is invested in US business, we are exposed to currencies underperforming the US dollar. Evolution has global operations and takes payment in many currencies. 97% of Kaspi's business is generated in the volatile Kazakh Tenge. All of Coupang's revenue is generated in Korean Won and New Taiwan Dollars (which has underperformed USD in the last few years).
- **Cash drag & currency debasement**
  With a significant portion of the portfolio still in cash, the largest short-term risk is inflation and currency debasement. While cash gives us flexibility and downside protection, it also means we're exposed to the slow erosion of purchasing power until

more capital is deployed into productive, high-quality assets. Since we expect to be more than 70% deployed into stocks within the next 9 months, we don't expect this risk to cause a major issue. We view high-margin compounders as the best hedge once deployed.

As always, we're focused on long-term, fundamental risks, not short-term market noise. You can expect us to revisit and reframe our thinking around risk in every monthly update.

Watchlist: What We're Researching Next

In addition to the companies already in the portfolio, we maintain a live watchlist of the names we're most excited about and actively researching. These are businesses we may add to the model portfolio, pending valuation and completion of our deep-dive process.

Here's what's on our radar right now:

- **InPost (INPST)**
  Europe's leading out-of-home parcel locker network, riding the secular shift to e-commerce with a capital-light, high-margin model.
- **Ingersoll Rand (IR)**
  A high-quality industrial platform benefiting from secular tailwinds in sustainability, automation, and mission-critical air systems.
- **Rollins (ROL)**
  The quiet compounder of pest control, with steady pricing power, recurring revenue, and a history of smart M&A.
- **Prosus (PRX)**
  A Dutch holding company with deep exposure to Tencent and high-growth technology companies around the world. The company trades at a significant discount to NAV and has developed an effective capital allocation strategy.

These aren't the only names we're researching, and not all of them will make it into the portfolio, but they represent the kind of businesses we want to own: durable, capital-efficient, and compounding machines.

We'd Love Your Feedback

Your input is incredibly valuable. We're still shaping Investor Center Research, and you have a front-row seat.

If you have 2-3 minutes, we'd love to hear:

- What part of this update did you find most useful?
- Is there anything you'd like to see more (or less) of next time?

Just click this link to input your answers. We read every response.

Keep compounding,

Team Investor Center