

Apr-26 Portfolio Update

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Table of Contents

Current Portfolio Snapshot	2
Transaction History	2
Portfolio Update	3
The Iran Fallout the Market Is Pricing Out	3
Now to the individual company updates.	5
Evolution AB	5
Topicus.com.....	6
Kaspi.kz	7
Coupang	8
United Rentals.....	9
TransDigm.....	10
GFL Environmental	10
RB Global.....	11
Rollins.....	11
Stock spotlight: why we've added Ingersoll Rand to our Model Portfolio	12
Read the full deep dive.....	12
Portfolio Risk Lens.....	13
Watchlist:	13
Portfolio Watchlist	13
We'd Love Your Feedback	14

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Current Portfolio Snapshot

Here's where the model portfolio stands today.

Portfolio Summary	
Portfolio Snapshot Date	May-09, 2026
Portfolio Value (\$)	98,844
Cash %	48%
Invested %	52%
Cash (\$)	47,043
Portfolio Gain (Ex-Cash)	-1.9%
Portfolio Return (Inc-Cash)	-1.2%

Name	Ticker	Date Added	Shares	Monthly Change in Shares Owned	Monthly Transaction Value	Average Entry Price	Current Price	Cost Basis	Market Value	Realized P&L (\$)	Realized P&L (%)	Unrealized P&L (%)	Weight %	Dividends	Return
Evolution AB	EVO/EVVTY	Jun-25	88			\$72.73	\$68.88	\$6,400	\$6,061	\$0	-	-5%	6.1%	\$0	-5.3%
United Rentals	URI	Jun-25	6	-2	-\$1,874	\$713.96	\$937.	\$4,284	\$5,622	\$446	31%	31%	5.7%	\$39	32%
Transdigm	TDG	Jun-25	4			\$1,414.48	\$1,215.08	\$5,658	\$4,860	\$0	-	-14%	4.9%	\$360	-8%
Kaspi.kz	KSPI	Jul-25	44			\$80.69	\$85.9	\$3,550	\$3,780	\$0	-	6%	3.8%	\$79	9%
Coupang	CPNG	Sep-25	305			\$26.19	\$16.98	\$7,989	\$5,179	\$0	-	-35%	5.2%	\$0	-35%
GFL Environmental	GFL	Oct-25	162	+26	\$955	\$42.82	\$36.74	\$6,937	\$5,952	\$0	-	-14%	6.0%	\$4	-14%
RB Global	RBA	Jan-26	58	+9	\$930	\$103.29	\$103.28	\$5,991	\$5,990	\$0	-	0%	6.1%	\$15	0%
Rollins	ROL	Feb-26	83			\$60.03	\$53.83	\$4,982	\$4,468	\$0	-	-10%	4.5%	\$0	-10%
Topicus.com	TOI/TOITF	Mar-26	72			\$66.87	\$67.91	\$4,815	\$4,890	\$0	-	2%	4.9%	\$0	2%
Ingersoll Rand	IR	May-26	66	+66	\$5,000	\$75.75	\$75.75	\$5,000	\$5,000	\$0	-	0%	5.1%	\$0	0%
InPost (Exited Feb-26)	INPOY	Nov-25	0			\$5.83	\$8.93	\$0	\$0	\$1,705	53%	0%	0.0%	\$0	53%
Cash									\$47,043						

Figure 1 Portfolio Dashboard as of May 9, 2026

Need help decoding the table?

[Click here for the Portfolio Glossary](#), where we break down what each column means.

Transaction History

Company	Ticker	Transaction Date	Shares	Price per Share	Total Value (\$)	Transaction
Evolution AB	EVO/EVVTY	Jun-30-25	68	\$73.83	5,020	Buy
United Rentals	URI	Jun-30-25	7	\$698.67	4,891	Buy
Transdigm	TDG	Jun-30-25	4	\$1,414.48	5,658	Buy
Kaspi.kz	KSPI	Jul-30-25	36	\$81.95	2,950	Buy
Coupang	CPNG	Sep-30-25	110	\$32.83	3,611	Buy
Evolution AB	EVO/EVVTY	Oct-30-25	20	\$68.97	1,379	Buy
Kaspi.kz	KSPI	Oct-30-25	8	\$75.	600	Buy
GFL Environmental	GFL	Oct-30-25	114	\$43.91	5,006	Buy
InPost	INPOY	Nov-30-25	550	\$5.83	3,207	Buy
RB Global	RBA	Jan-03-26	49	\$103.29	5,061	Buy
Coupang	CPNG	Jan-03-26	130	\$23.59	3,067	Buy
Coupang	CPNG	Jan-28-26	65	\$20.17	1,311	Buy
InPost	INPOY	Feb-26-26	550	\$8.93	4,912	Sell
Rollins	ROL	Feb-27-26	83	\$60.03	4,982	Buy
United Rentals	URI	Feb-27-26	1	\$820.96	821	Buy
GFL Environmental	GFL	Feb-27-26	22	\$44.36	976	Buy
Topicus.com	TOI/TOITF	Mar-31-26	72	US\$66.87	4,815	Buy
Ingersoll Rand	IR	May-09-26	66	US\$75.75	5,000	Buy
United Rentals	URI	May-09-26	2	\$937.	1,874	Sell
GFL Environmental	GFL	May-09-26	26	\$36.74	955	Buy
RB Global	RBA	May-09-26	9	\$103.28	930	Buy

Portfolio Update

April was a sharp turn from March, with most of the portfolio rallying back from late-March lows. Some of that gain has come off in early May as Coupang and GFL weakened on stock-specific news while URI continued to run. As of May 9, our portfolio sits at \$98,844 against a starting capital of \$100,000, leaving us at -1.16% on a since-inception basis. Cash is 47.6% after this period's activity.

We made two portfolio changes this period. First, we initiated a position in Ingersoll Rand (NYSE: IR) on May 9 at \$75.75, deploying roughly \$5,000 across 66 shares. The full thesis is in the Stock Spotlight section below. Second, we trimmed United Rentals by approximately two percentage points of portfolio weight, selling 2 shares at \$937, and redeployed the proceeds half each into GFL Environmental (26 shares at \$36.74) and RB Global (9 shares at \$103.28). The trim was driven by relative valuations rather than a change in our URI thesis: URI has run up sharply since we initiated and is now up roughly 32% on cost, while GFL and RB Global have sold off in recent weeks on stock-specific news (the Secure Waste deal for GFL, broader industrial weakness for RBA), making their forward valuations relatively more attractive on a risk-adjusted basis. We are not exiting URI; we still believe the cyclical thesis we wrote at initiation. At current prices, the marginal capital is simply better deployed elsewhere in the portfolio.

Almost everything we own went up, in many cases sharply. The macro backdrop we wrote about in March, the closure of the Strait of Hormuz, the energy shock rippling into fertilizer and freight costs, the IMF warning about a possible global recession, has not cleanly resolved, but recent days have brought some real progress on the diplomatic front. President Trump announced on May 6 a temporary pause to Project Freedom, the US military operation escorting commercial vessels through the Strait, citing meaningful movement toward a deal with Iran. Oil futures dropped 8% to 15% intraday on those reports, with Brent currently trading around \$102 per barrel, well below recent highs but still above the pre-shock \$80 region. On May 4, oil had spiked 6% on UAE-strait violence under the headline 'the ceasefire has ceased', a reminder that this situation can flip in either direction inside a single day. Equity markets read the deal optimism aggressively. The S&P 500 set a fresh record at 7,365 on May 5, the first close above 7,300, on a combination of strong Q1 earnings, US-Iran peace-talk hopes, and the bet that the oil shock will not last long enough to do durable damage. Before turning to the individual companies, we want to spend a few paragraphs on this disconnect, because the gap between the physical reality on the ground and the equity market's pricing is the single most important thing for long-term investors to think about right now.

The Iran Fallout the Market Is Pricing Out

The physical situation in the Strait of Hormuz has not normalized. Tanker transits collapsed from roughly 129 a day in February to single digits in early April, a 95% drop in the world's most important shipping chokepoint. Around 80% of Asia's oil and 90% of its liquefied natural gas pass through that waterway, and there is no substitute route. Daniel Yergin, who has been advising US presidents on energy markets since Reagan, has called this the largest disruption in the history of world energy: bigger, in his words, than the 1973 OPEC embargo and bigger than the 1979 Iranian crisis. He has described what Iran is doing as turning an international waterway into a toll road. The cost of that toll is what we are watching land in the data.

US Gulf urea, the base feedstock for nitrogen fertilizer, has gone from \$350 a ton in December to over \$800 a ton this month, a 128% increase in four months, because much of global urea production depends on Gulf natural gas. That price spike landed right before the Northern Hemisphere planting cycle, which means it will travel through grain markets and into supermarket shelves over the next six to nine months. Container freight rates from Asia to the US are up 30% to 50% in four weeks as ships reroute around the Cape of Good Hope. UBS cut its 2026 EPS forecast for American Airlines from \$2.00 to \$0.43 in six weeks, a 78% downward revision in a Dow-listed company on the back of a single oil shock. These are the live data points behind what economists call cost-push inflation, and they are exactly the chain Philip Verleger, who advised the White House through the original 1973 embargo, described as the mechanism that tipped everything into a serious economic crisis half a century ago.

The professional macro consensus has moved while equity markets have not. The IMF is now modeling an adverse scenario where oil averages \$100 this year, growth falls to 2.5%, and inflation rises above 5%; its severe scenario sees growth at 2% and inflation above 6%. RSM has cut its 2026 US real GDP forecast from 2.4% to 1.7% and raised its 12-month recession probability from 20% to 30%. UNCTAD, the UN's trade body, expects global merchandise trade growth to fall from 4.7% to somewhere between 1.5% and 2.5%, roughly cutting global commerce in half on a single forecast revision. These are not alarmist institutions. They are simply adding up the freight rates, the fertilizer prices, and the jet-fuel pass-through.

Against that backdrop, equity markets have been moving in the opposite direction. The S&P 500 has set successive new highs through late April and into May, closing at a record 7,365 on May 5, semiconductor stocks rose for eighteen consecutive sessions, and software, left for dead two months ago on AI-disruption fears, has modestly joined the rally on the back of the Iran-deal newsflow we just described. The narrative driving this is a combination of strong Q1 earnings season, US-Iran peace-talk hopes, and a bet that the oil shock will not last long enough to do durable damage. Parts of that are reasonable and parts of it are not. Strong Q1 earnings reflect activity from January through March, before the worst of the energy shock landed. Peace-talk hopes are exactly that: hopes. The on-the-ground reality of seized ships, a continuing US blockade, and a Strait that even if reopened would take months to normalize (mine clearance, ship redeployment, insurance pricing) tells you the situation is in a fragile equilibrium, not a resolution. The disconnect has narrowed in the last week as deal hopes priced in and oil came off, but the binary is still live: a deal closes and the markets are right; talks break down and we get a repeat of the May 4 spike with the macro forecasters' base case starting to catch the tape. Neither outcome is settled, and the path between them is genuinely volatile.

This is where Buffett's 1977 essay *How Inflation Swindles the Equity Investor* becomes more useful than any short-term forecast. The diagnostic he laid out, and revisited at the 2022 Berkshire annual meeting, is mechanical. A business that requires very little capital to operate and can raise its sticker price in line with inflation keeps its relative position when the price level moves. A business that has to pour ten times as much capital back into plant, fleet, inventory, and grid connections just to produce the same physical output is, in Buffett's word, swindled. This is the rubric we have been applying to portfolio construction since inception. Our cash allocation, still close to 48%, reflects our view that the right response to a macro environment with a wide cone of outcomes is not to predict but to retain optionality. Our equity holdings skew toward businesses with pricing power and asset-light economics. We are not telling you to sell airlines tomorrow morning, and we are certainly not telling you to short the market into a

melt-up. We are telling you, and reminding ourselves, that the diagnostic Buffett built for the 1970s has rarely been more relevant than it is right now.

To put the rubric on our own holdings: Evolution, Topicus, Kaspi, Rollins, and RB Global sit cleanly on the Coca-Cola side of the line. Evolution generates 65% EBITDA margins on a software-like cost base; Topicus is the canonical capital-light VMS compounder, lifting prices on legacy verticals while deploying excess cash into acquisitions; Kaspi runs a super-app on infrastructure that is largely already in place, so incremental volume drops through to free cash flow; Rollins is the textbook example of pricing power with negligible reinvestment intensity; and RB Global, at its core, monetizes auction throughput rather than capital tonnage. On the other side of the line are our cyclical industrials. United Rentals, TransDigm, GFL Environmental, and Ingersoll Rand all carry heavier asset bases and rely more on volume growth and capital-allocation discipline to outrun inflation. None of these are bad businesses. TransDigm's aerospace aftermarket and Ingersoll Rand's mission-critical industrial niches both have genuine pricing power, and GFL has been delevering through pricing-led organic growth. It does mean their margin of safety against a sustained oil shock is narrower, and the hedge depends more on management's discipline with capex than on the underlying economics. Coupang is the special case in the portfolio, capital-heavy in build-out mode but with monopoly-like scale economics that should pull through to operating leverage as the network matures.

None of this changes our individual stock theses, but it informs the pace at which we are willing to deploy the remaining cash. Three of our positions, Ingersoll Rand, Coupang, and Topicus, reported Q1 results during this reporting period, and we incorporate them in the company updates that follow. Kaspi reports on May 11. We are watching whether US-Iran negotiations produce a real reopening of the Strait or another paper truce. After the Ingersoll Rand initiation and the URI to GFL/RBA rotation discussed above, our cash sits at 47.6%. We will continue to deploy on conviction rather than on calendar pressure.

Now to the individual company updates.

Evolution AB

Monthly Return: +10% **Cumulative Return:** -5.3%

Evolution reported Q1 2026 results on April 22 that landed roughly in line with our short-term expectations. We have written for several months that the European book would take time to stabilize, and the headline numbers reflect exactly that: net revenue came in at €513 million, down 1.5% year-over-year; Live revenue fell 3.1%; and Europe, the regulated, structurally challenged book, declined 5.9%. The company also chose not to pay an interim dividend this quarter, instead directing capital to studio capex and working through the remaining Nevada gaming-regulator hurdles to close the Galaxy Gaming acquisition by the new July 17 deadline. On paper, this is the second consecutive quarter where the European drag has overwhelmed strength elsewhere.

What is interesting is the market's reaction. The stock fell modestly on the print itself but is up roughly 10% for the month. We see a few reasons for that, none of them particularly subtle. First, the bad news was largely in the price already, Evolution had been treated as a growth-collapse story for the better part of a year, and a still-bad-but-stabilizing Q1 was not the surprise it might have been against richer expectations. Second, North America revenue grew 21% year-over-year in US dollar terms and printed an all-time high, which strengthens the geographic-

diversification argument we built the thesis around. Third, the broader risk-on rally lifted everything quality-adjacent, Evolution is still a 65% EBITDA margin business, which the market noticed when it stopped panicking.

Our thesis has not changed. The European headwinds we have been discussing for several months are now reflected in current numbers rather than feared in future ones. Asia and the Americas continue to do what they need to do for the long-run case to work. We expect this to take time to play out, a re-rating to historical multiples is not a one-quarter event, and we are content to hold without buying or trimming.

Topicus.com

Monthly Return: +1.6% **Cumulative Return:** +1.6%

Our first full month as Topicus shareholders has been an encouraging start. After running roughly 9% above our entry through late April, Topicus has given some of that gain back as software wobbled in early May, and now sits modestly above our cost basis. We attribute most of the round-trip to the wider rotation in software sentiment as the AI-disruption panic moderated and then re-flared rather than to anything specific to Topicus. The MSCI Software Index was down nearly 21% year-to-date as of mid-February on fears that autonomous agents would render per-seat software obsolete. As of mid-April, software stocks had joined the broader rally, and several high-profile pieces, including The Bahnsen Group's The Truth About AI Disruption on April 17, started to push back on the more apocalyptic readings. Topicus then reported Q1 2026 results on May 5, and the print is worth digging into because the headline numbers obscure the underlying story.

Revenue grew 23% year-over-year to €435.7 million, with organic growth of 5% and acquisitions doing the rest. Both numbers are within our expectations. Topicus is a programmatic acquirer; inorganic growth is the model, not a substitute for it. The 5% organic figure sits inside the high-single-digit range these businesses typically print and is broadly consistent with recent quarters. Net income fell from €70.1 million to €55.1 million, a 21% decline that looks alarming at first glance but is partly driven by an item that has nothing to do with operations: Q1 2025 was retroactively recast in the company's own filings to add €31.4 million to net income from a fair-value gain on equity securities, a non-cash, non-recurring boost that does not repeat in Q1 2026. Even setting that aside, we treat reported net income as a poor read on Topicus's economics in any quarter, since the company's accounting model includes amortization of acquired intangibles as a non-cash expense that mechanically increases when M&A activity picks up. More M&A means more amortization, lower reported earnings, and unchanged real cash economics. We anchor on free cash flow available to shareholders (FCFA2S) instead, which is the metric the deep dive valuation uses.

FCFA2S grew 2% to €165.4 million, broadly in line with the 3% growth in cash flow from operations. Why is that gap to revenue (+23%) so wide? The MD&A does not dissect the difference at the line-item level, but it gives us enough to understand it. Q1 is structurally Topicus's largest cash quarter because many of its VMS businesses invoice their annual maintenance fees in Q1, and that pattern repeats every year. Management quantifies the effect this quarter: of the €280.5 million of operating cash flow generated, €174.0 million came from non-cash operating working capital, offset by €17.3 million of cash taxes paid. That is a normal, predictable Q1 pattern, not a one-off swing. The relevant point for the long-term case is that the year-on-year incremental on this seasonal effect is small, so even a quarter with strong

inorganic revenue growth shows only modest CFO and FCFA2S growth on the comparison. Acquired revenue brought in this quarter has not yet had time to compound into proportional cash generation. Topicus was also less active on M&A than a year earlier, deploying €20.8 million of cash on acquisitions and holdbacks in Q1 2026 versus €45.7 million in Q1 2025. Underlying cash conversion of the existing business is healthy. The 2% headline is a function of the seasonality math, not a deterioration in unit economics.

Nothing in this Q1 print changes our deep-dive view. If anything, the underlying cash conversion is healthier than the reported FCFA2S number suggests, the AI-disruption framing is shifting the way we always argued it would, and Topicus continues to look deeply undervalued at current prices. Any further weakness from these levels would simply be a better entry, not a thesis break.

Kaspi.kz

Monthly Return: +15% **Cumulative Return: +8.7%**

Kaspi was one of our best-performing position this month, up roughly 15%. On April 20, Tencent became one of Kaspi's largest shareholders. Tencent, CEO Mikheil Lomtadze, the senior management team, the Spice Expeditions fintech fund, and the endowments of Washington University in St Louis and the University of Wisconsin together purchased 6.0 million ADSs from Baring Fintech Venture Funds, with Morgan Stanley advising the seller. This is the kind of strategic anchor investor that materially de-risks the Kazakh-concentration concern that has been a permanent overhang on the stock. Tencent is an exceptional company and capital allocation machine. They have executed on the most successful super-app strategy in the world. Having them as a strategic investor is a huge vote of confidence for Kaspi.

On the operating side, the Q4 2025 report we covered in last month's update is doing the work: TPV up 43%, marketplace GMV up 52%, net income up 25%, monthly active users at 14.3 million representing roughly three-quarters of Kazakhstan's adult population. But it is being recognized by the market with a delay that is starting to close.

These are short-term drivers, and we view them as supporting cast to the long-term super-app thesis rather than the thesis itself. Goldman Sachs upgraded Kaspi to Buy this month, citing 2026 growth catalysts and the Hepsiburada execution path. The April 15 AGM approved the proposed 850 KZT-per-share dividend along with reappointing Deloitte as auditor and locking in stock-option-based remuneration for the board, a textbook management-is-confident signal that the market has read accordingly. Hepsiburada continues to print encouraging operating numbers under Kaspi's majority control, and the worst-case scenarios on Kazakh consumer-lending regulation that drove last year's drawdown have not materialized.

The position is now up 9% on our cost basis. The Kazakh banking tax change we flagged last month, corporate rate moving from 20% to 25% in 2026 and an expected step up to 27% in 2027, is still a permanent ~5–7% headwind to net income. As we wrote in the deep dive, the super-app flywheel is robust enough to carry that, and Tencent's arrival as a strategic shareholder makes the long-term case meaningfully more credible. We continue to size this position smaller than our higher-conviction holdings because of the macro and currency exposure, but the operating story is clearly working.

Coupang

Monthly Return: -7.0% **Cumulative Return:** -35.2%

Coupang reported Q1 2026 results on May 5 that initially look uglier than the headline-recovery narrative we wrote last month, but underneath the print the operating story is doing exactly what the deep-dive thesis predicted. The reported numbers first: revenue \$8.5 billion was up 8% year-over-year, but the company's \$1.2 billion voucher compensation program was netted against revenue, so the underlying growth is materially higher than the headline. Gross margin fell 228 basis points to 27.0%, the company swung to a net loss of \$266 million (\$0.15) per diluted share versus \$0.06 a year earlier), adjusted EBITDA collapsed to \$29 million, and the operating loss of \$242 million was the largest in over four years. Morgan Stanley cut its price target on the back of the margin outlook. The stock has drifted from \$20.51 at the end of April to \$16.98 today.

That's the bear case. The operating data and management commentary are more interesting. CEO Bom Kim said on the call that nearly 80% of lost WOW memberships have been recovered through April. Importantly, returning members are coming back at full spend levels, not splitting their wallet with alternatives. Three separate times on the call Bom emphasized that customers who paused and returned are resuming the levels of spend they were at before the incident, which is a stronger signal than the MAU recovery alone because it directly refutes the bear case that Naver Shopping or the Chinese cross-border players took permanent share during the breach. Churn has also reverted to historical levels, and that engaged spend among recovered members is back. January was the trough on revenue growth and the trajectory improved sequentially through February and March. Q2 guidance is for 9% to 10% constant-currency revenue growth, an acceleration from Q1's 8%. The 300 to 400 basis points of further EBITDA margin contraction guided for Q2 was explicitly framed as temporary: the company is carrying excess fixed cost it built for a pre-incident demand trajectory, and management said annual margin expansion is expected to resume next year.

What is easy to miss in the headline numbers is the structural reason year-over-year growth will keep lagging the actual recovery for the rest of 2026. Bom Kim walked through the mechanism on the call. Coupang's growth engine is the compounding of existing-customer spend plus new sign-ups joining and building their spend over time. When the breach paused that cycle, the company did not just lose paused customers, it lost the months of compounding those customers and the new sign-ups would have added to the base. As Bom put it: 'once a month is gone, you can't get it back.' Even now that customer behavior has normalized, the year-over-year comparison still carries the weight of those lost months, because last year's revenue contained 12 months of uninterrupted compounding while this year's revenue is missing the months that did not happen during the affected period. We should therefore expect reported growth to lag underlying customer behavior until the breach period fully laps in late 2026, and we should not read the Q2 guide of 9% to 10% revenue growth as a signal of structural weakness. The customer engine is healthier than the headline number can show.

What we found most encouraging was Bom Kim's framing of the choice management faced. He said the company had two options when faced with the temporary demand shortfall: cut capacity hard to hit short-term margin targets, or absorb the underutilization knowing demand will catch back up. He explicitly chose the latter, calling the former 'the wrong one for our business and our customers in the long run.' He went further: 'we'd be unwinding capacity that we know we'll need again as the recovery continues, and unwinding now to rebuild it later... is

not only disruptive but highly inefficient.' This is the long-term mindset we want from management of a business in our portfolio, and it stands in contrast to the short-term EBITDA-smoothing some investors had been hoping for.

Two further capital-allocation signals point in the same direction. The Board approved an additional \$1 billion stock buyback authorization on top of the prior \$1 billion program, of which \$630 million has already been executed at average prices similar to today's level. And on March 11-13, Director Neil Mehta, through funds advised by Greenoaks Capital Partners, made open-market purchases of approximately 7.35 million shares for roughly \$136 million at average prices of \$18.40 to \$18.58 per share. We weight insider open-market buying meaningfully more than option exercises or grants; insiders deploying nine-figure capital on the open market at prices substantially above today's \$16.98 close is the strongest signal of capital-allocation confidence we look for.

Our read is that the print confirmed two things in tension. The breach hits the income statement harder and the recovery takes a quarter or two longer than the consensus had hoped, which is why the stock is down. The underlying customer behavior, the platform economics, and the management framing of margin recovery in 2027 are all consistent with the long-term case. The infrastructure moat we built the thesis on is unchanged: Rocket Delivery still covers 99.6% of Korean households, and Naver Shopping continues to make no progress in first-party fulfilment. We are not adding to the position because we are still sized appropriately and the diplomatic angle remains a live overhang, but at the current \$16.98 price the risk-reward is improving rather than deteriorating. The next milestone we are watching is the Developing Offerings trajectory and any change in management commentary on customer acquisition cost as the breach noise fully clears. One additional long-term option flagged on the call: Taiwan cohort retention is, in management's words, 'reminiscent of what we saw in the early years of Product Commerce in Korea.' Korea Product Commerce is now a \$30 billion revenue franchise, so if Taiwan is genuinely tracking that curve, the long-term option value is material and not reflected anywhere in current valuation.

United Rentals

Monthly Return: +28% **Cumulative Return:** +31.9%

URI stock was up 28% since our last monthly update. This included a ~24% move in the stock after releasing 1Q26 results. URI delivered a strong set of results that went against the bear thesis that had been building the previous couple of quarters. Coming into the quarter, the debate among investors was whether the slight margin softness the company had experienced the two most recent quarters was structural or temporary. A bear argument had been building that this was a recent of undisciplined pricing in the industry with the recent EquipmentShare IPO adding to that narrative. As covered in the Portfolio Update opener above, we trimmed the position by 2 percentage points of weight at \$937 on May 9, redeploying half each into GFL and RBA at their lower current valuations. URI remains a high-conviction holding, but at a 32% gain the marginal capital was better deployed elsewhere.

As we highlighted in recent updates, we viewed the margin weakness as temporary. We believed the margin weakness was a result of elevated fleet repositioning expenses as fleet had to be shipped significant distances due to the divergence in demand between large, "megaprojects" and smaller "local" projects. Additionally, operating leverage in the business was muted due to

relatively soft revenue growth. We believed the margin challenges would dissipate once organic growth reaccelerated.

In Q1 2026, revenue growth accelerated for URI and this translated to a strong beat on margins. Additionally, fleet productivity (which measures equipment utilization and pricing) accelerated 180 basis points quarter over quarter.

TransDigm

Monthly Return: +5% **Cumulative Return:** -7.7%

TransDigm closed the previously-announced \$2.2 billion acquisition of Jet Parts Engineering and Victor Sierra Aviation Holdings on April 7, the largest M&A transaction the company has completed in some time. The deal was funded with cash on hand and proceeds from the February debt offering (\$1.2 billion of 6.125% senior subordinated notes due 2034 and \$0.8 billion of new Tranche N term loans). The two acquired businesses generated approximately \$280 million of combined revenue in 2025 and add proprietary aerospace aftermarket parts and repair capability across commercial, general aviation, and business aviation customers, well aligned with TransDigm's existing portfolio.

The company then reported fiscal Q2 2026 results on May 5. Net sales rose 18.3% year-over-year to \$2,544 million, adjusted EPS came in at \$9.85 (up 8.1% from \$9.11), and management raised full-year guidance at the midpoint by \$420 million on sales, \$210 million on EBITDA As Defined, and \$1.14 on adjusted EPS. The full-year guide now points to net sales of \$10,300 to \$10,420 million, EBITDA As Defined of \$5,370 to \$5,470 million, and adjusted EPS of \$38.83 to \$40.21. Management was clear that the large majority of the guidance increase came from base-business strength rather than the new acquisitions. The pending \$960 million Stellant Systems acquisition, announced at the end of December 2025, is the next deal in the queue.

GFL Environmental

Monthly Return: -10% **Cumulative Return:** -14.1%

GFL stock was down 10% since our last update. The weakness in the stock was driven by the company's announcement that it would acquire Secure Waste Infrastructure for approximately \$6.4 billion. This announcement was immediately met with skepticism, sending shares down ~10% on the day of the announcement. The concern was that GFL was overpaying for assets that introduced unwanted cyclicality into its business model. Additionally, some investors were worried that this acquisition would add unneeded complexity to a company that had spent the past couple of years simplifying its operations and becoming more investor friendly.

GFL management did lay out compelling strategic logic for the acquisition. This includes the deal being projected to be 12% to 15% accretive to Free Cash Flow per share immediately. Additionally, GFL has identified at least \$25 million in annual cost synergies that can be realized, primarily from eliminating duplicate general and administrative expenses.

GFL also reported Q1 2026 results in late April, the same week the Secure Waste deal was announced. The headline numbers reinforce the operational discipline thesis. Adjusted EBITDA margin reached 29.1%, the highest Q1 margin in the company's history and a 180 basis-point improvement year-over-year, on price growth of 7.0% (8.5% in Canada, 6.3% in the US) and

adjusted EBITDA of \$478.5 million (+12.3%). Management raised full-year 2026 guidance, lifting revenue by approximately \$320 to \$340 million to a range of \$7.32 to \$7.34 billion and adjusted EBITDA by \$90 million to approximately \$2.23 billion, with the 8 acquisitions completed year-to-date contributing roughly 5% to the uplift. The Q1 print provides operational reassurance against the complexity concerns the Secure Waste announcement raised, even as we continue to weigh the strategic logic of that deal.

RB Global

Monthly Return: +7.75% **Cumulative Return:** +0.3%

RB Global was up around 7.75% over the reporting period, with the Q1 2026 print on May 4 driving most of the move. The print was a clean beat-and-raise. GTV grew 13% year-over-year to \$4.34 billion, revenue rose 11% to \$1.23 billion, net income increased 20%, adjusted EBITDA was up 11% to \$362.7 million, and diluted adjusted EPS came in at \$1.01 (up 13%, beating consensus by \$0.04). Management raised full-year 2026 GTV growth guidance to 6% to 9% from a prior 5% to 8% range, and adjusted EBITDA guidance to \$1.485 to \$1.545 billion.

The previously-announced BigIron acquisition received Hart-Scott-Rodino antitrust clearance and is now targeted to close in Q2 2026. Importantly, the BigIron contribution is not yet reflected in the raised guidance, which provides additional upside if the deal closes as expected. BMO and RBC both raised their price targets following the print. The thesis around the unit economics of an asset-light auction marketplace continues to hold up under scrutiny.

Rollins

Monthly Return: +0.79% **Cumulative Return:** -10.3%

Rollins' stock was roughly flat since our last update, up around 1% over the period. The most notable development for the company during the month was the release of its Q1 2026 earnings report. Organic growth accelerated as the quarter progressed with organic growth +8% in the month of March (+12% total revenue growth) after January and February were negatively impacted by weather. On the negative side, margins were down 110 basis points year over year. The margin weakness was a result of higher insurance and claims costs (100 basis points of margin pressure) and reduction in gains from vehicle sales (50 basis point headwind).

Additionally, the company reaffirmed its full year 2026 outlook which included organic growth of 7% to 8%, revenue growth from acquisitions of 2% to 3%, incremental margins of 25% to 30%, and free cash flow conversion of greater than 100%. On the M&A front, Rollins also announced on April 2 the acquisition of Romex Pest Control, a top-40 operator (ranked #39 on the PCT 100) headquartered in Pleasant Grove, Utah with \$29.7 million of 2024 revenue and over 200 employees. The deal is consistent with the disciplined, programmatic M&A cadence Rollins has built around.

Stock spotlight: why we've added Ingersoll Rand to our Model Portfolio

Ingersoll Rand is a \$30 billion industrial compounder operating in the oligopolistic premium-segment market for compressors, vacuum systems, blowers, and pumps. Together with Atlas Copco it controls roughly 75% to 80% of the premium segment, and the business generated \$7.65 billion of revenue and 27.4% adjusted EBITDA margins in FY2025. The thesis is built around a structurally advantaged earnings stream the market does not fully credit: 36.5% of revenue comes from aftermarket parts and services at 60% to 70% gross margins, contributing an estimated 57% to 66% of consolidated gross profit on just over a third of revenue. Once a customer's compressor is integrated into a production line, the switching costs (reengineering, validation, downtime) are punitive, which is what makes the razor-and-razorblade economics so durable. Layered on top of that installed-base lock-in are 24/7 service coverage across 180+ countries, an oligopoly cost discipline that sustains margins through cycles, and a programmatic M&A engine that has deployed \$5.4 billion across 70+ acquisitions since 2020 at 9 to 10 times pre-synergy EBITDA, with the IRX Operating System pulling those multiples down 3 to 4 turns within three years of close.

CEO Vicente Reynal has driven 8x enterprise value growth since 2016 and 670 basis points of EBITDA margin expansion. Compensation is roughly 75% to 80% equity-based, which keeps incentives aligned with long-term shareholder returns. The one caveat we are watching is the \$2.35 billion ILC Dover acquisition (June 2024), the largest deal in company history, which produced a \$230 million goodwill impairment within 11 months. Management's response, recognizing the loss promptly, filing rep-and-warranty claims, and returning to the proven bolt-on model, reads as capital discipline. But Life Sciences as a vertical now carries explicit execution risk that we will reassess if management pursues further large-scale deals outside the core industrial competency.

On valuation, the stock trades around \$76 today, which prices in only approximately 3.6% annual revenue growth through 2030, well below management's guidance range of 6% to 8% organic growth before any M&A contribution and our base case of around 8%. Our discounted cash flow analysis, run with a 9.5% discount rate (the S&P 500 long-term return, our standard framework), supports a base case fair value of approximately \$96 per share, or roughly 23% upside. A probability-weighted blend of bull (\$123) and bear (\$66) scenarios pushes the expected value closer to \$101. The de-rating reflects two cyclical, not structural, headwinds: broader industrial weakness outside data center and aerospace verticals, and the post-ILC Dover hangover on the M&A halo. We think both will normalize on a 12 to 24 month horizon. We are initiating at a 5% portfolio weighting at the current price, reflecting high conviction in the business quality and the margin of safety on offer.

Read the full deep dive

We encourage you to read the full research report on Ingersoll Rand by [clicking this link](#).

Portfolio Risk Lens

Key risk factors we are monitoring across the portfolio:

- **Energy and Iran fallout (cross-portfolio):** The diplomatic picture has improved in early May, with Project Freedom paused on May 6 and oil retreating from recent highs to around \$102 per barrel, but the situation remains volatile and the May 4 'ceasefire ceased' spike shows how fast the tape can flip. A reopening of the Strait that proves to be paper rather than real keeps oil elevated and feeds cost-push inflation through fertilizer, freight, and fuel chains. Cyclically exposed holdings (URI, TDG, IR) and consumer-facing names (CPNG) carry the most operational sensitivity; capital-light businesses (EVO, KSPI, TOI, ROL) are insulated but not immune. Ingersoll Rand's Q1 disclosure of \$40 million in Middle East long-cycle order delays (one-third already recovered in April) is the clearest live data point we have on the operational drag.
- **Coupang regulatory escalation:** The November 2025 data breach has now produced active US-Korea diplomatic friction in addition to the existing \$1.2 billion payout exposure and the ISDS arbitration. Resolution timeline remains uncertain, and a politically motivated regulatory action is the highest-severity scenario in our risk register.
- **Evolution AB European deceleration:** Q1 confirmed a 5.9% European revenue decline. The geographic diversification thesis (Americas, Asia) is intact, but the European drag could persist for several more quarters before the consolidated number turns positive.
- **TransDigm leverage and pricing scrutiny:** With targeted leverage of 5–7x and the active DOGE pricing review, TransDigm's earnings are most exposed in a scenario where rates stay elevated and government procurement pressure intensifies.
- **Kaspi tax and currency:** The 2026 corporate tax step-up to 25% (and 27% in 2027) plus structural ~10% annual tenge depreciation create a 5–7% net-income drag we continue to underwrite, but stress in Kazakh fiscal policy or further tenge weakness would compound.
- **Cash deployment opportunity cost:** With 48% of the portfolio still in cash, a sustained equity rally we do not participate in is a real cost. Conversely, deploying into a market priced for an uncertain macro outcome carries timing risk. Pace and target selection matter; this period's URI-to-GFL/RBA rotation is an example of the discipline we apply.

Watchlist:

Portfolio Watchlist

- **Cintas (CTAS):** The dominant US uniform rental and facility services provider. Capital-light model with 97% customer retention and pricing power through 35+ consecutive years of dividend increases. We continue to wait for a more favorable entry valuation.

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