

The Final Portfolio Update: Our Handover

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Current Portfolio Snapshot

Here's where the model portfolio stands today.

Portfolio Summary

Portfolio Snapshot Date	Sep-15, 2026
Portfolio Value (\$)	98,590
Cash %	44%
Invested %	52%
Cash (\$)	43,756
Portfolio Return (Inc-Cash)	-1.4%

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	\$91.05	\$6,400	\$8,012	\$0	-	25%	8.1%	\$0	25.2%
United Rentals	URI	Jun-25	6			\$713.96	\$989.13	\$4,284	\$5,935	\$446	31%	39%	6.0%	\$51	38%
Transdigm	TDG	Jun-25	4			\$1,414.48	\$1,085.	\$5,658	\$4,340	\$0	-	-23%	4.4%	\$360	-17%
Kaspi.kz	KSPI	Jul-25	44			\$80.69	\$98.76	\$3,550	\$4,345	\$0	-	22%	4.4%	\$154	27%
Coupang	CPNG	Sep-25	305			\$26.19	\$14.68	\$7,989	\$4,477	\$0	-	-44%	4.5%	\$0	-44%
GFL Environmental	GFL	Oct-25	162			\$42.82	\$42.18	\$6,937	\$6,833	\$0	-	-1%	6.9%	\$7	-1%
RB Global	RBA	Jan-26	58			\$103.29	\$86.11	\$5,991	\$4,994	\$0	-	-17%	5.1%	\$15	-16%
Rollins	ROL	Feb-26	83			\$60.03	\$33.77	\$4,982	\$2,803	\$0	-	-44%	2.8%	\$15	-43%
Topicus.com	TOI/TOITF	Mar-26	72			\$66.87	\$65.1	\$4,815	\$4,687	\$0	-	-3%	4.8%	\$0	-3%
Ingersoll Rand	IR	May-26	66			\$75.75	\$71.94	\$5,000	\$4,748	\$0	-	-5%	4.8%	\$0	-5%
MercadoLibre	MELI	May-2026	2			\$1,695.65	\$1,828.94	\$3,391	\$3,658	\$0	-	8%	3.7%	\$0	8%
InPost (Exited Feb-26)	INPOY	Nov-25	0			\$5.83	\$8.93	\$0	\$0	\$1,705	53%	0%	0.0%	\$0	53%
Cash									\$43,756						

Figure 1 Portfolio Dashboard as of September 15, 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
MercadoLibre	MELI	Jun-01-26	2	\$1,695.65	3,391	Buy

Why This Document Exists

Investor Center Research closed on July 31, 2026, as we announced in June. This document is our final publication, and it arrives later than we intended, for family bereavement reasons on our side. We're sorry for the delay. We would rather deliver it properly than punctually, and we have used the extra weeks to bring every section up to date through mid September, including the full second quarter earnings season that landed in August. We wanted this to be the most useful thing we could possibly leave you with.

When we told you the product was winding down, we made a promise: we would walk through every holding in the model portfolio one last time, reiterate the thesis on each business, share how we are thinking about each one as continuing long-term owners, and be candid about the factors that could change our view. We also promised to address the portfolio's cash position directly, so you are not left with open questions. This document is that promise kept.

A few words on what this document is, and what it is not. It is a record of how we think: about each business we own, about what would constitute success from here, and about the conditions under which we ourselves would reconsider a position. It is not personal advice, it is not a list of instructions, and it is not a set of price targets. Everything here describes our own reasoning and our own decisions as long-term owners of these businesses. What you do with your own capital is, as it always has been, your decision to make with your own judgment or with a professional adviser.

One more thing worth saying plainly. This research is no longer being updated. The estimates and intrinsic value references below were published in our deep dives and were current as of their publication dates. Every holding has now reported second quarter results, and we cover those prints in the sections below, but the next earnings season, arriving from late October, is one you will read without us. Treat everything here as a record of our reasoning at a moment in time, not as a live valuation service. The full archive of deep dives and updates remains available to download at investorcenterresearch.com, and we encourage you to save anything you want to keep.

Thank you for reading our work this past year. It has meant more than you know.

The Year in Review

We launched the model portfolio in June 2025 with \$100,000 and a deliberately patient plan: build the book one high-conviction idea at a time, hold cash until a company cleared our research hurdle at a price offering a genuine margin of safety, and let position sizing communicate conviction. Over thirteen months of publication we initiated twelve positions and exited one. The portfolio closes with eleven holdings, approximately 44% in cash, and a value of approximately \$98,590, roughly back at its starting point after spending most of 2026 below it.

The honest accounting first. Roughly breakeven after fifteen months, over a period in which the S&P 500 set twenty-seven record closes in 2026 alone, is underperformance, and we will not dress it up. Two things drove the gap. First, our cash discipline meant we participated in only part of a strong market. We accepted that trade knowingly, and we would accept it again: the same cash funded our additions to Coupang in the January drawdown, our Topicus initiation into the March software selloff, and our MercadoLibre initiation in June. Second, our largest detractor, Coupang, absorbed a crisis we did not foresee, and Rollins, our second largest, is in

the middle of a live test of its thesis; we cover both honestly below. Against that, United Rentals has returned roughly +39% on our entry, Evolution roughly +25% after a takeover approach in August, Kaspi roughly +22%, our InPost round trip realized a 53% gain in under three months, and MercadoLibre sits roughly 8% above our June entry.

We said at the start that we hoped to be judged on our long-term performance. Fifteen months is not long-term, and we will not pretend the scoreboard flatters us at this particular moment. What we can stand behind is the process: every position was initiated after weeks of published research, every add was made against a written thesis, our one exit followed our framework rather than our emotions, and nothing in the book was ever bought because it was going up. The businesses we own are, we believe, durable, capital-efficient, compounding machines. The prices at which we own them embed expectations we consider undemanding. That combination has always been how patient wealth gets built, and it does not stop being true because a publication stops.

How We Think About Selling

Before this section, a reminder we take seriously: what follows describes the tests we apply to our own decisions. It is not investment advice and it is not a set of instructions. We are sharing it because understanding how we think about exits is the single biggest gap a closing research service leaves behind, and we would rather close that gap than leave it open.

We have three reasons to sell a business we own, and only three.

1. The thesis breaks: disconfirming evidence, regardless of price. Every thesis we publish rests on a small number of load-bearing claims about the business: the moat holds, the growth engine works, management allocates capital well. When evidence accumulates that one of those claims is wrong, structurally and persistently rather than for a quarter or two, we would exit regardless of whether the position shows a gain or a loss. The share price is not part of this test. A stock that has fallen 40% on a broken thesis is not cheap, and a stock that has doubled on an intact one is not expensive. What counts as disconfirming evidence is specific to each business, and in each company section below we spell out exactly what ours would be. What never counts: drawdowns by themselves, analyst downgrades, macro fear, or a bad quarter with an explanation we can verify.

2. The price runs far ahead of the value. When a share price rises well beyond our estimate of intrinsic value, the forward return compresses and the risk-reward deteriorates, even when the business itself is performing beautifully. Our InPost exit in February was this test in action. We bought at \$5.83 in November on the thesis that the market had mispriced dominant infrastructure at roughly 10x earnings. A takeover consortium validated the thesis ahead of our timeline, and with the ADR at \$8.93 and the deal in regulatory approvals, we judged that the remaining upside to the tender price was modest relative to the deal risk and the opportunity cost of the capital. We realized a 53% gain in under three months. We would note the asymmetry in how this test operates for us: we are quick to apply it to special situations like a takeover, and deliberately slow to apply it to compounders. Our general philosophy is to hold our winners and let them compound for as long as the business quality and the growth runway justify it. A quality compounder becoming somewhat expensive is not, by itself, a reason we would sell it.

3. A materially better use of the capital. Occasionally an opportunity appears that is so much better than an existing holding, on the same risk, that switching is justified. The bar here is high. Constant switching is how returns die, and we would rather compound in a very good business we understand deeply than chase a marginally better one we do not.

One final honesty. These tests require current information: fresh filings, fresh prices, a fresh read on the competitive landscape. From August onward we will be applying them privately to our own capital, but nobody will be publishing the results. The frameworks in each section below are our best effort to hand you the reasoning itself, so that the thinking outlives the publication.

The Cash Position

The portfolio closes with approximately \$43,756 in cash, around 44% of the book. We want to address that directly, because we know it is the open question we would have as readers.

The cash was never an accident and never a market call. We launched with a plan to deploy \$100,000 gradually. We set a soft target of being 70%+ invested within twelve months, but with a condition attached: only when a company cleared our research hurdle and offered a genuine margin of safety. Twelve companies cleared that bar in thirteen months. More did not. We passed on names we admired at prices we could not defend, and said so in these pages each month.

The cost of that discipline was real, and we accounted for it honestly along the way. With the S&P 500 setting record highs, we wrote in May that the cash position "has continued to be an opportunity cost. We view this as a temporary friction in service of optionality." The benefit was equally real: cash is what let us more than double our Coupang position in a January dislocation, initiate Topicus into an indiscriminate software selloff, and open MercadoLibre in June, all without selling anything we owned.

The portfolio stops here at roughly half deployed because the publication is ending mid-journey. Had we continued, we would have kept deploying at the same pace and on the same conditions: one researched business at a time, at prices that offer protection. As continuing owners of our own capital, that is exactly what we intend to keep doing.

The Holdings, One Last Time

What follows is the handover on each of our eleven holdings, ordered by the date each entered the portfolio, which also tells the story of how the book was built. For each business: where the position stands, the thesis we published, what has been confirmed and what has changed since, what success would look like from here, what we would be watching as continuing owners, and what would change our mind.

Two timing notes. All prices and returns are as of the September 15, 2026 close unless stated otherwise; for Topicus, which trades thinly on the US OTC market, we use its Canadian listing's September 15 close converted to dollars. Every holding has reported its second quarter (or, for TransDigm, fiscal third quarter) results, and those prints are folded into the sections below, so nothing here predates the August earnings season. The next reporting round begins in late October, and it is the first one in a year and a half that we will not be writing about; each

section's "what we would be watching" is our best effort to hand you the questions we would be taking into those prints.

Evolution AB

Position: 88 shares, average entry \$72.73 (initiated June 2025 at \$73.83, added October 2025 at \$68.97) **Price at handover:** \$91.05 **Cumulative return:** +25.2% **Weight:** 8.1%

The thesis we published. Our May 2025 deep dive framed Evolution as a pick-and-shovel play on the fast-growing online casino market: the undisputed leader in live-casino content, supplying roughly 70% of global tables and earning EBIT margins north of 60%, levels more often seen in software than in gaming. We argued the market had overreacted to one quarter of slow growth, with a reverse DCF showing the price implied Evolution would essentially never grow again. Our base case saw the company compounding EPS 15-20% annually, with the valuation at its lowest multiple since listing providing the margin of safety. We opened at 5% and added into the October drawdown.

What has been confirmed, and what has changed. The profitability engine has been confirmed beyond argument. Through four quarters of top-line turbulence, EBITDA margins held between 65.8% and 68%, and the Q2 2026 print delivered 65.9% with full-year guidance reaffirmed at around 66%. Management behaved exactly as aligned owners should. The chief executive already had more than \$11 million of his own money invested at prices above today's before we ever took our position, and the company repurchased aggressively into the drawdown (EUR 303 million in Q2 2026 alone under the EUR 2 billion program). The US class action was dismissed with prejudice, and litigation discovery identified Playtech as the party behind the 2021 smear campaign, validating our read that the attacks were competitive warfare rather than evidence of compliance failure. In July, the long-running UK Gambling Commission review closed with a £4.75 million settlement and the license retained, removing the last major regulatory overhang in a core market.

What has changed is the shape of the top line. The European decline we originally read as short-term proved persistent: -5.8% in Q2 2025, -6.5% in Q3 2025, -5.9% in Q1 2026, and -4.0% in Q2 2026, although that latest quarter brought the first sequential growth in Europe and the smallest annual decline of the run. Asia remains the unresolved problem: content piracy and the company's own aggressive countermeasures have turned the growth engine into a -8.9% drag, and management is candid that the fight is ongoing. Consolidated revenue actually declined 1.2% in Q2 2026 (up 2.4% in constant currency), which means the bear case we once called impossible has, temporarily, been the printed number. Two smaller notes: the Galaxy Gaming acquisition was terminated in July after regulatory approvals missed the deadline, an immaterial outcome we are content with, and capital returns are now running through buybacks rather than a dividend. RNG grew 14% in Q2, its first double-digit quarter in roughly three years, a genuine bright spot.

What has changed most since the summer is not the operations but the register: Evolution became a takeover situation. In late July, Kenneth Dart's investment vehicle crossed 30% ownership, triggering a mandatory offer under Swedish rules, and in August it bid SEK 695 per share in cash. The board recommended rejection, calling the price below fair value, and the market agreed emphatically: the shares traded roughly a quarter above the offer throughout the acceptance period, which closed on September 15 with the outcome expected to be announced within days. We read the episode the way the board does. The offer was struck at a

discount to an already depressed price, and its main effect has been to put a demonstrated floor under the stock while the buyback (roughly 11 million shares repurchased under the EUR 2 billion program, with a September EGM set to cancel over 13 million treasury shares) shrinks the float beneath a 32% anchor shareholder. On the operating side, the Q2 picture we described above is unchanged, and the September release of the litigation-related Spectrum Report is a reputational echo of the Playtech fight rather than new regulatory exposure. The position has swung from roughly flat to +25% since late July.

What success looks like from here. Europe returning to growth as regulated markets mature, Asia stabilizing as the piracy fight is contained, and North America continuing to compound. If the geographic pieces normalize, the group returns to growth with mid-60s margins intact, and the operating leverage does the rest: that is the path back to the mid-teens EPS compounding the thesis was built on. At roughly 11x forward earnings, we believe very little of that path is in the price, so success does not require multiple expansion, although we would expect it to follow earnings.

What we would be watching. The takeover situation first: the acceptance-period result due in the days after we publish, whether the 32% shareholder returns with a higher price, and the treasury share cancellation that mechanically raises his percentage. This is now partly a special situation, and our InPost experience is the relevant template: we would judge any future offer against our estimate of what the compounding is worth, not against the undisturbed price, and SEK 695 was comfortably below that bar. Beneath the situation, the same operating questions as before: the European sequential trend, evidence the Asian enforcement efforts are working, North American momentum, and the pace of the buyback.

What would change our mind. Our general philosophy is to hold our winners and let them compound; there is no sell trigger for Evolution doing well. On the downside, three things would concern us seriously. First, evidence of long-term fundamental impairment to Evolution's ability to grow in Asia as a result of the current challenges. We would stress that this is a medium-term judgment, not something resolved in a quarter or two, but if the region that was meant to carry the next decade of growth proved structurally broken, the growth leg of the thesis would be too. Second, a very substantial contraction in margins. A small contraction is fine and is management's stated choice, they have always said they will choose market share over margin, but a severe break would tell us the operating leverage that underpins the earnings power is failing. Third, a reversal in the regulatory direction of travel in regulated markets: the thesis assumes the world continues moving toward regulating and taxing online casino, and a trend toward outright bans in North America or Europe would strike at the foundation. None of these three is visible in the current data. The margins are holding, Asia is an ongoing fight rather than a collapse, and the July UK settlement points toward regularization rather than prohibition.

United Rentals

Position: 6 shares, average entry \$713.96 (initiated June 2025 at \$698.67, added February 2026 at \$820.96, trimmed May 2026 at \$937.00) **Price at handover:** \$989.13 **Cumulative return:** +38.5% **Weight:** 6.0%

The thesis we published. Our June 2025 deep dive argued that United Rentals is a far better business than the market was giving it credit for, with a valuation pricing in a sharp decline in returns and growth we considered overly pessimistic. The moat is economies of scale expressed three ways: purchasing power from roughly \$14 billion of equipment spend, a 1,500-

branch network that shares fleet across regions to run higher utilization than any local competitor can, and a National Accounts program that ties the largest customers into the network. Around that sits a structural tailwind: rental penetration projected to rise from roughly 60% toward 65-70% by 2030, with the big three consolidating share from the mid-30s toward half the market, and a multi-trillion dollar megaproject pipeline on top. At roughly 16x earnings against a 12x historical average, we argued the premium was warranted by a structurally less cyclical business than the one the market remembered.

What has been confirmed, and what has changed. This is the portfolio's best live position, and the thesis has been confirmed on nearly every axis. Industry pricing discipline held exactly as we argued it would, through capex restraint at every major player and even through a new competitor's IPO. Specialty rental did the heavy lifting all year and grew 24.8% in the most recent quarter. The bifurcated market we tracked through the winter, megaprojects booming while local work stayed soft, produced repositioning costs the bears read as structural margin pressure; the Q1 2026 print refuted that, and the Q2 print settled it emphatically. Reported on July 22, Q2 2026 was a record beat-and-raise: revenue of \$4.41 billion up 11.8%, rental revenue up 12.7%, an adjusted EBITDA margin of 46.6%, fleet productivity up 3.4%, and full-year guidance raised to \$17.5-17.8 billion of revenue with roughly \$2 billion of capital returns planned. Management describes the large-project pipeline as stronger and deeper, with 12-18 months of visibility across power, data centers, semiconductors, and infrastructure. What changed on our side was position management rather than thesis: we added a share in February on confirming evidence, then trimmed two shares at \$937 in May purely on relative valuation, recycling the proceeds into GFL and RB Global. The stock has since traded well past that trim price, though September's pullback has narrowed the gap.

Since that print the stock has given back roughly 16% from its highs without a single operational data point moving against it: the pullback has been valuation and sentiment, capped by a September downgrade that explicitly acknowledged best-in-class fundamentals while questioning the multiple and noting that few large rental acquisition targets remain. Two early-cycle signals are worth handing over honestly: the Dodge Momentum Index went slightly negative month-on-month in August with data-center planning the driver, the first soft reading in the pipeline that has powered the megaproject story, and commercial planning outside data centers is running well below last year. Neither changes the reported numbers, which remain records; both are exactly the kind of leading indicators a continuing owner of a cyclical compounder should keep on the dashboard.

What success looks like from here. The penetration and consolidation story continuing to compound: rental taking share of construction spend, the big three taking share of rental, Specialty growing into an ever-larger share of the mix, and margins holding through the cycle. If that continues, the earnings power compounds at a rate that justifies the premium multiple without needing it to expand.

What we would be watching. The megaproject pipeline converting on schedule, with the August data-center planning wobble the specific thing to track through autumn, any recovery in local and small-contractor demand, used-equipment recovery rates, and fleet productivity, which remains the cleanest single read on pricing and utilization together.

What would change our mind. The deep dive did not publish explicit falsifiers for United Rentals, so we state our tests here. The structural claim is that this industry now behaves rationally: if the big three broke pricing discipline and returned to the oversupply behavior of

earlier cycles, the reduced-cyclicality argument that justifies the premium multiple would be wrong, and we would treat that as thesis-breaking rather than cyclical. A normal construction downturn would not be; the thesis was always reduced cyclicality, not immunity, and the balance sheet is run at conservative leverage precisely for that scenario. The live question at these prices is our second selling test rather than our first: even after September's pullback the position sits roughly 39% above our cost following a re-rating toward the top of the historical range, and the question that drove our May trim (is the marginal dollar better deployed elsewhere) remains the live one.

TransDigm

Position: 4 shares, average entry \$1,414.48 (initiated June 2025) **Price at handover:** \$1,085.00 **Cumulative return:** -23.3% price, -16.9% including the \$90 special dividend **Weight:** 4.4%

The thesis we published. Our June 2025 deep dive described TransDigm as a collection of niche aerospace businesses where roughly 90% of revenue comes from proprietary parts and 80% is sole-sourced, giving the aftermarket, which produces around three quarters of EBITDA, pricing power and margins more similar to a software company than an industrial. We argued it is more accurate to refer to TransDigm as a capital allocation vehicle than a roll-up: acquisitions underwritten to a 20% levered IRR, deliberate 5-7x leverage, and debt-funded special dividends, run by a management team paid on 17.5% annual growth in intrinsic value per share. Our published expectation was 14-18% annual returns, excluding special dividends.

What has been confirmed, and what has changed. The machine itself has run as described. The company announced roughly \$4 billion of acquisitions across the year (Simmonds, Stellant, and the Jet Parts Engineering/Victor Sierra pair), paid a \$90 per share special dividend, raised guidance twice, and grew fiscal Q2 sales 18.3% with the majority of the guidance raise coming from the base business. Commercial aftermarket growth reaccelerated to 11% organic after a soft patch that caused the August 2025 earnings miss, the company's first in thirteen quarters, and the engine-exposed peers reporting in July (GE's spare parts up more than 25%, Collins aftermarket up 10%) confirm the end-market remains strong. What has changed is the shape of the government risk and, with it, the stock's rating. The Stellant acquisition was terminated in July after the Justice Department moved to block it on defense-consolidation grounds, with the Pentagon's public support; the pricing scrutiny we sized as immaterial has not resurfaced, but antitrust resistance to defense deals is a new and different constraint on the M&A runway, and one reason the shares have de-rated even as results beat. The January PMA-oriented acquisitions also stretch the traditional razor-and-razorblade model in a way we flagged as worth watching, and leverage sits at 6.8x, the top of the stated band.

The fiscal third quarter, reported in August, answered the operating questions emphatically: sales grew 23%, commercial aftermarket organic growth accelerated to 17% from 14%, bookings exceeded sales for a third straight quarter, and full-year guidance was raised again. The Stellant capital also found its first destination: Prince & Izant, a roughly \$1.1 billion brazing-alloys and specialty-metals business that is majority aftermarket, bought at what management described as a low-double-digit pre-synergy multiple with returns in line with its private-equity-like objectives, alongside roughly \$1.8 billion of fiscal-year-to-date buybacks executed above today's price. No special dividend has been declared. And yet the stock sits at 52-week lows, down about 23% on our entry. The market's stated worries are the ones we flagged in July plus one new name: margin dilution from the acquisitions, the pace of future large deals after the

DOJ block, and a building right-to-repair push in defense procurement, which one August downgrade put alongside valuation as its reason. The result is the widest gap in the portfolio between operating delivery and share price direction.

What success looks like from here. The algorithm doing what it has done for two decades: high-single-digit-plus organic growth through the aerospace cycle, margin expansion from the three Ps, capital deployed at the hurdle rate or returned through special dividends, compounding intrinsic value per share in the mid-to-high teens. The current setup adds a specific question: roughly \$1.5 billion of raised capital is now unallocated after Stellant's termination, and its redeployment (a deal at the hurdle rate, buybacks, or a special dividend) will say a lot about whether the discipline holds.

What we would be watching. The redeployment cadence from here: whether the remaining capacity goes to deals at the hurdle rate, buybacks, or a special dividend, and whether Prince & Izant's low-double-digit entry multiple was situational or the start of creep above the historical 9-10x. The right-to-repair legislative debate in the annual defense bill, which is the live version of the pricing-regulation risk we flagged at initiation. And the aftermarket cycle, where TransDigm's 17% organic growth now leads its engine-exposed peers rather than lagging them.

What would change our mind. The deep dive published clear falsifiers and we restate them. We would be cautious if TransDigm became less sensitive to valuation and lowered its required hurdle rate, and skeptical if it started doing deals outside its core aerospace and defense markets; the January PMA deals sit inside the boundary but close enough to it that the next few deals matter. A material further rise in interest rates would eventually make the 5-7x leverage model unworkable, and any formal government pricing regulation would strike at the sole-source margins directly; we view that as manageable but not negligible. To these we add one from this year's events: if antitrust enforcement systematically closes the defense M&A runway, the capital allocation engine loses one of its two outlets, and the growth algorithm would need to be re-underwritten at a lower rate.

Kaspi.kz

Position: 44 shares, average entry \$80.69 (initiated July 2025 at \$81.95, added October 2025 at \$75.00) **Price at handover:** \$98.76 **Cumulative return:** +22.4% price, approximately +27% including dividends **Weight:** 4.4%

The thesis we published. Our July 2025 deep dive described Kaspi as Kazakhstan's dominant digital ecosystem trading at a depressed valuation: a super-app used by roughly 71% of the country's population, where marketplace, payments, and fintech each reinforce the others, generating a four-year average return on equity above 100%. At 8x earnings, our reverse DCF showed the market pricing in a 21% revenue decline over five years, which we called inconsistent with the company's position and the country's digital adoption. Our published model suggested roughly 20% expected annual USD returns from 19% local-currency earnings growth, a 6% dividend yield, modest multiple normalization, and a 10% annual currency drag. We deliberately sized the position smaller than our other allocations because of the risks tied to operating in Kazakhstan and Turkey, and that sizing logic has aged well.

What has been confirmed, and what has changed. The most important confirmation was regulatory. When Kazakhstan's banking law was signed in January 2026, it grandfathered Kaspi's super-app model rather than forcing a breakup, validating our differentiated view that regulation would constrain future acquisitions rather than destroy existing operations. Operational delivery

has been emphatic: full-year 2025 payments volume grew 43%, marketplace GMV 52%, and net income 25%, with the take-rate reaching an all-time high. External validation arrived from serious counterparties: Tencent became one of Kaspi's largest shareholders in April, and a \$600 million five-year bond priced at 5.90% in an oversubscribed deal. The Turkey expansion, the part of the thesis we treated as free optionality, took its biggest step forward in July when Kaspi completed the acquisition of Rabobank's Turkish subsidiary, giving it a fully licensed bank in Türkiye and the missing piece for building the payments-and-credit ecosystem around Hepsiburada.

What has changed is the near-term margin picture. The Q1 2026 print showed revenue growing 31% against adjusted EBITDA growth of only 9%, a wider spread than we had been modeling, driven by deliberate marketplace investment, Hepsiburada subsidies, and the Tencent payment-rail onboarding. We wrote in May that the question of whether this normalizes "is now live in a way it was not before this print," and it remains the single most important open item. Meanwhile the environment has turned somewhat friendlier: Kazakhstan's central bank has cut rates twice, from 18% to 16.75%, easing the funding-cost squeeze, though a higher bank tax (25% from 2026) is a permanent new drag we did not originally model. The multiple never re-rated: at roughly 7x forward earnings, the market still prices Kaspi as a risky bank rather than the technology platform its economics describe.

The August print gave the spread question a partial answer. Second quarter revenue grew 15% against adjusted EBITDA growth of 5%: the gap narrowed from twenty-two points to ten, but it narrowed the less satisfying way, through revenue deceleration as Hepsiburada lapped its first consolidated quarters, rather than through an earnings reacceleration. Management held its full-year guidance of roughly 15% EBITDA growth against 7% delivered in the first half, which makes the second half the show-me period, with relief identified and dated: Kaspi cut its own deposit rates in August for the first time in over two years as Kazakhstan's central bank cut its base rate for a third consecutive time to 16.25%, and management guided the funding-cost benefit to arrive from the fourth quarter into 2027. The build-out continued on schedule meanwhile: the Rabobank subsidiary was rebranded Hepsi Bank with integrated shopping loans piloting in Turkey and roughly \$300 million committed to scale Turkish fintech from 2027, the Kasper AI assistant reached roughly 20% adoption in its first month, e-commerce take rates rose 160 basis points, and the dividend was raised 18% to KZT 1,000 per share. The stock reached \$100, up roughly 24% on our cost before dividends, though it gave back nearly 7% in a single September session as the dividend excitement unwound, a useful reminder of how this listing trades.

What success looks like from here. The revenue-versus-EBITDA spread narrowing through the second half as the investment cycle digests, Turkey turning from cost into contribution as the banking license is put to work, and the company continuing to do the thing that has defined it: spawning new business units that monetize the existing user base. The July launch of Kasper, an AI shopping assistant inside the super-app, is a small but telling data point that the machine still ships. If earnings compound in the teens with the dividend maintained, the return arithmetic works without any multiple help.

What we would be watching. We would caution against reading any single quarter as the verdict on this business; what matters is the multi-year trend. The questions we track are whether the ecosystem keeps spawning and monetizing new business units, whether Turkey compounds from the new banking license as the 2027 investment program lands, and whether the revenue-to-earnings spread closes from the earnings side as the rate cycle eases, which is

the specific test management has now set itself for the second half. One trend deserves particular attention against the test we describe below: reported revenue growth has stepped down from the 30s toward the mid-teens as Turkey annualizes. We read that as arithmetic rather than maturation, but it is exactly the line a continuing owner should keep re-examining. Beyond the prints: the Turkish rollout, the rate path, the tenga, and Wildberries' competitive expansion in Central Asia.

What would change our mind. Kaspi is a hold-and-compound name for us, and the bar for that changing is specific. If revenue compounding decelerated to roughly 10% a year or lower, sustained over a long period, and the cause was maturation rather than a temporary adverse scenario, that would tell us the ecosystem has stopped being able to spawn new businesses that further monetize its user base. That is the engine of the whole thesis, and its exhaustion would be our signal to move on, more or less regardless of how cheap the stock looked at the time. We would distinguish that carefully from temporary compressions like the current investment cycle, which come with visible causes and plausible end dates. Separately, a severe Kazakh macro shock that pushed cost of risk toward stress levels across all three verticals simultaneously would test the balance-sheet assumptions in a way we would not ignore.

Coupage

Position: 305 shares, average entry \$26.19 (initiated September 2025 at \$32.83, added January 2026 at \$23.59 and \$20.17) **Price at handover:** \$14.68 **Cumulative return:** -44.0%
Weight: 4.5%

The thesis we published. Our September 2025 deep dive argued that the market fundamentally misread Coupage's earnings power: consolidated margins looked thin, but the core Product Commerce business, 88% of revenue, was already generating over 30% cash returns on equity, with its profitability masked by deliberate investment in Developing Offerings. The moat was a Scale Economies Shared flywheel built on an unmatched logistics network, WOW membership lock-in, and a founder with his own capital at stake. Our base case valued the shares at \$40.84 against a \$32.50 entry, a published margin of safety of roughly 21%.

Then the breach happened. In November 2025, a former employee's unrevoked access key exposed 33.7 million accounts, the largest data leak in Korean history. Our deep dive had flagged cybersecurity in a single sentence as a tail risk; it became the dominant event of the holding period. Our December crisis analysis estimated the all-in cost at \$2.0-2.5 billion, roughly two years of free cash flow, concluded the moat and balance sheet would hold, cut our intrinsic value estimate by about 5%, and judged the stock's 25% decline an overreaction. On that analysis we added aggressively, increasing our share count 177% at prices of \$23.59 and \$20.17. As we wrote in March, the position's decline since reflects "operational headwinds and multiple compression that we did not anticipate at entry." We stand behind the reasoning of the add. We also do not get to grade ourselves only on reasoning: at -44%, this is our largest loss, and some of the original underwrite, particularly on growth resilience and on management's crisis readiness, was wrong.

What has been confirmed, and what has changed. The crisis analysis itself has held up well. We predicted fines rather than shutdown: the privacy regulator's fine landed in June at 624.7 billion won, roughly \$409 million, below the feared range, and the stock rose 14% on the announcement. We predicted the customer franchise would hold: roughly 80% of lost WOW members returned by April at full spend, churn normalized, and the logistics moat is

untouched, with competitors making no progress on first-party fulfillment. Product Commerce unit economics kept improving through the crisis, and the company funded everything, including an additional \$1 billion buyback, without dilution. What has changed for the worse is the accumulation around the company: a roughly \$200 million preliminary tax assessment in July, the antitrust appeal, a membership-bundling probe, investor-state arbitration, and Coupang's emergence as a live issue in US-Korea trade relations. A Seoul court freezing the founder's chaebol designation in July was a win, but the sheer volume of fronts is itself a cost. Growth troughed at roughly 4% in January against our mid-teens underwrite, and management now guides margin expansion to resume in 2027, a year later than our model assumed.

The August print then delivered the recovery evidence and the market ignored it. Second quarter constant-currency growth came in at 10%, the top of guidance; WOW membership now exceeds pre-incident levels, with retained customers spending up roughly 16%; Developing Offerings losses stayed inside the \$950 million to \$1 billion full-year guide; and the company bought back another \$459 million of stock in the quarter. The reported numbers were ugly by design, with the \$410 million fine booked as promised, and two new items landed on the pile: a roughly \$246 million charge coming in Q3 from a July warehouse fire, and an escalation of the antitrust standoff, with Coupang suing to challenge the KFTC probe's legality in August and the regulator responding with an unannounced raid in September. Management also refined the margin timeline again, to product-commerce margins back at pre-incident levels by mid-2027, and guided Q3 growth of 8-9% on holiday timing. At \$14.68, a new low, the market is now pricing this franchise below where it stood at the depths of the breach panic, against operating evidence that is measurably better on every customer metric we track.

What success looks like from here. Exactly what management has promised, delivered without further surprises: constant-currency growth holding through the second half (Q2 delivered 10%, the top of its guide; Q3 is guided to 8-9% on holiday timing), WOW churn staying at historical lows, Developing Offerings losses held within the guided \$950 million to \$1 billion, and margin expansion visibly arriving by the stated mid-2027 line. The steady-state economics of this franchise have not changed; success is the bridge back to them being crossed without the timeline slipping again.

What we would be watching. The demand markers have largely been met, so the watch list narrows to three things: the margin path, where "mid-2027" is now the stated line and we set a further slip as our test below; the regulatory temperature, where the KFTC confrontation, the fine litigation, the tax assessment, and the US-Korea trade friction are now one intertwined story with a possible bundling fine still ahead; and the Q3 print, which absorbs the fire charge and needs to hold the growth guide through the Chuseok timing headwind.

What would change our mind. We set the bar in May: the catalyst path requires patience and clean execution. The recovery markers are the thesis now, and their failure would be our disconfirming evidence: WOW churn rising again, growth failing to reaccelerate through the second half of 2026, or the 2027 margin-expansion commitment slipping a second time. Any of those would tell us the breach did lasting damage to the franchise rather than temporary damage to the numbers, and that our crisis analysis was wrong at its core. A second category is regulatory: a remedy that structurally constrains the business model, forced divestiture, sustained new-user restrictions, or a business-suspension order, would break the thesis regardless of operating performance. Short of those, at \$14.68 we believe the market is pricing the crisis as permanent, and our position, sized where it is, reflects our view that it is not.

GFL Environmental

Position: 162 shares, average entry \$42.82 (initiated October 2025 at \$43.91, added February 2026 at \$44.36 and May 2026 at \$36.74) **Price at handover:** \$42.18 **Cumulative return:** -1.5% **Weight:** 6.9%

The thesis we published. Our October 2025 deep dive framed GFL as the best of both worlds: the stability and pricing power inherent to the waste industry, combined with the compounding potential of a founder-led, acquisition-driven platform. The fourth-largest North American solid waste operator had just become a pure play by selling its Environmental Services majority stake, cutting leverage from around 4x to 3.1x and earning ratings upgrades. Growth stacks three ways: tuck-in M&A at 7-8x EBITDA (falling toward 4-6x with synergies) against a management-estimated \$10 billion in-footprint opportunity, self-help worth \$110-190 million of EBITDA, and index-linked pricing across roughly half the book. Trading at a discount to slower-growing peers like Waste Management and Republic Services, we argued it deserved a premium.

What has been confirmed, and what has changed. Operationally, the thesis delivered: pricing accelerated from 6.3% to 7.0%, Q1 2026 produced a record first-quarter margin of 29.1% (up 180 basis points), roughly \$1 billion went into tuck-ins in 2025, guidance was raised, and leverage fell to 3.4x on the way to a low-to-mid-3s target. The stock spent most of the period ignoring all of it, and our February and May adds averaged into that gap. Two large events then changed the shape of the holding. First, the roughly \$6.4 billion Secure Waste Infrastructure acquisition announced in April: immediately accretive on management's numbers, but bigger, more cyclical, and more leveraging than the tuck-in playbook we underwrote, and the stock fell 10% on the announcement. We wrote at the time that we were still weighing the strategic logic, and we should be straightforward that the product is closing before we published a resolved verdict; the deal awaits Canadian Competition Bureau clearance, expected between roughly August and October. Second, in July, reports emerged that GFL is exploring a take-private after approaches from buyout firms, with indicated interest reported around \$50 per share; the stock has rallied roughly 16% since the start of June largely on that news.

Since Dakotah reviewed this section, all three open items have moved. The July results were a clean beat with a second guidance raise of the year: revenue up 16%, core pricing of 6.1%, adjusted free cash flow up 73%, and full-year EBITDA guidance lifted to roughly \$2.29 billion. Secure Waste closed on September 1, funded roughly 80% in stock plus a \$1 billion term loan at attractive pricing, with management holding its mid-3s year-end leverage commitment; notably, it closed while the Competition Bureau's review was technically still open, a residual procedural risk worth knowing about. And the take-private went from press reports to a formal process: the board confirmed unsolicited interest from multiple parties and formed a special committee, reports point to interest around \$50 per share against roughly \$42 today, and offers are reportedly due in the third week of September, within days of this publication. The founder calls Secure and the privatization parallel paths. The position has recovered from a 22% drawdown to roughly breakeven.

What success looks like from here. On the operating path: pricing and margin momentum continuing, the tuck-in cadence compounding, leverage held to the discipline that earned the upgrades, and Secure integrating without proving the complexity bears right. Overlaid on that is a live special situation: with offers reportedly due within days of this publication, the calculus becomes our second selling test, exactly as it did with InPost, weighing certain value today

against the compounding we underwrote. We would judge any offer against our estimate of what the business is worth, not against the undisturbed price.

What we would be watching. The bid process above all: whether a formal offer lands, at what price, and how the special committee responds. Then Secure integration through the first consolidated quarters, the leverage path against the mid-3s commitment, and underneath it all the metric that made us owners: pricing versus cost inflation, and the margin trajectory.

What would change our mind. No explicit falsifiers were published, so we state our tests. The thesis rests on disciplined compounding: if leverage marched back toward the levels of GFL's past (sustained above the mid-4s without a credible path down), or if the Secure integration showed up as margin degradation and commodity-linked earnings volatility rather than accretion, the "best of both worlds" argument would be failing on the discipline half. Pricing falling behind cost inflation for an extended period would attack the stability half, though we view that as unlikely in this industry. A take-private at an inadequate price is not a thesis break but a decision point: we would judge any offer against our estimate of what the compounding is worth, not against the undisturbed price.

RB Global

Position: 58 shares, average entry \$103.29 (initiated January 2026, added May 2026 at \$103.28)

Price at handover: \$86.11 **Cumulative return:** -16.6% **Weight:** 5.1%

The thesis we published. Our December 2025 deep dive said it in one line: we are buying RB Global because the market is effectively assigning zero value to its subsidiary, IAA, regaining salvage auction market share from Copart. Our differentiated work, yard capacity, metro coverage, and a 450-accident-address proximity study, found IAA's physical network comparable to Copart's, meaning the share slide from roughly 50/50 to 70/30 reflected operational mismanagement rather than structural disadvantage, and was therefore fixable under RB Global's ownership. Tow compliance rising from 89% to 99.5% and the Erie Insurance win were early proof. A return toward parity by 2030 implies more than 10% annual EPS growth from IAA alone, before the cyclical recovery in the legacy Ritchie Bros equipment auctions, all at around 24x forward earnings versus a 27x ten-year average.

What has been confirmed, and what has changed. The share-gain engine has now run for five-plus consecutive quarters, and the most recent third-party evidence is the strongest yet: Copart's own fiscal third quarter showed US insurance volumes down 4.2% while IAA's grew, and Copart management explicitly told investors it does not intend to cut pricing to retain volumes, disavowing the price-war risk we flagged at initiation. Agreements were signed with the two largest US insurers, converting our stated concentration risk into support. The unit economics showed up twice, with EBITDA growing roughly twice as fast as service revenue, and the equipment side began inflecting, with CC&T transaction value up 16% excluding M&A. Guidance was raised in May. What is new: the BigIron acquisition closed early (May 18), adding roughly \$885 million of agricultural and equipment auction volume and a new vertical; a record \$500 million buyback and an 11% dividend raise stepped up capital returns; and an AI-disruption scare knocked the stock in February, which we rebutted on the grounds that the moat is network effects and physical infrastructure, not technology.

The August print then split the thesis in two, and we owe you the honest version. The volume engine delivered again: gross transaction value grew 11%, automotive lots grew 11% in a sixth consecutive quarter of outperforming the market, the largest insurance partnership was

expanded to all fifty states, full-year GTV guidance was raised to 9-11%, and BigIron contributed on plan. Copart's own results confirm the other side of the trade, with its US insurance volumes falling while IAA's grow, its stock down roughly 30% since our bearish pass a year ago, and its September upgrade-by-acquisition interest in claims-software assets reading as a defensive pivot. But the service take rate fell 110 basis points to 20.0% on mix (low-take-rate agricultural real estate from BigIron, government business, and volume-pricing incentives on the automotive wins), so EBITDA guidance stayed flat while volume guidance rose, and the market sold the stock down 14% in a day and roughly 23% over the period. The question the print opened is the one that matters: whether the take-rate decline is mix, which is benign and partly the arithmetic of winning, or price, which would mean the share gains are being bought. Management's case is mix; the segment detail supports more of that reading than the tape gives credit for; and the falsifier we set at initiation, share gains reversing, is the opposite of what is happening.

What success looks like from here. The share recapture compounding toward parity at roughly 250 basis points a year, the equipment cycle turning from green shoots into a proper recovery, BigIron integrating into the network, and the fee capacity of a duopoly marketplace preserved. If those hold, the EPS algorithm runs at double digits before any re-rating.

What we would be watching. The take-rate bridge in the next two prints, which is now the single most important disclosure: how much of the decline is BigIron and government mix versus pricing concessions on insurance wins. Copart's competitive response from here, where the just-reported fiscal year showed revenue up barely 2% with net income down 17%, extending the pattern, and whatever follows its claims-software pursuit. Insurer relationship news, Manheim used-vehicle values, and the equipment cycle, where more deliberate customer decision-making crept into the August commentary.

What would change our mind. The published risk framework gives us the tests. The thesis cannot survive a reversal of the share gains: if IAA began losing volume share again over multiple quarters, and especially if State Farm or Progressive moved material volume back toward Copart, the operational-turnaround claim would be disproven and the position would lose its reason to exist, regardless of price. A sustained Copart price war would pressure the economics; we judged it unlikely and Copart has since said as much, but a reversal of that posture would reopen the question. Autonomous vehicles reducing accident frequency is the decade-scale risk we accept and monitor rather than a near-term trigger, partially offset by rising repair costs pushing total-loss rates higher.

Rollins

Position: 83 shares, average entry \$60.03 (initiated February 2026) **Price at handover:** \$33.77
Cumulative return: -43.7% **Weight:** 2.8%

The thesis we published. Our February 2026 deep dive laid out three vectors: 7-8% organic growth from a recurring-revenue pest control model with retention above 90%, another 2-3% from programmatic tuck-ins in a fragmented \$25 billion market, and, most distinctively, an operational improvement story as Rollins completed its transition from family-run to professionally managed, targeting 30-35% incremental margins and 200-300 basis points of SG&A improvement under the team that arrived in 2022-2023. At roughly 46x forward earnings we acknowledged the multiple looked demanding and argued it was justified by the quality and

the improvement runway. We said we would look to add if the valuation compressed without a corresponding deterioration in fundamentals.

What has been confirmed, and what has changed. We owe readers the plainest accounting here, because this position is the portfolio's second-largest drawdown and the one where the original underwrite is under the most live pressure. The growth engine has held: the second quarter was the company's 99th consecutive quarter of revenue growth, commercial grew 7.2% and termite and ancillary 8.9%, the M&A cadence continued with \$117 million across six deals in the quarter, leverage sits near 1x, and free cash flow conversion runs above 100%. The improvement story has not. Margins have now declined year-over-year for four straight quarters; the CFO who architected the program, Ken Krause, left in June for an external role, a departure we called a negative when it was announced; and the July 22 print cut full-year organic growth guidance to roughly 6% (from 7-8%) and conceded that 2026 incremental margins will run around 10%, far below the 30-35% algorithm, on softness in consumer-initiated residential demand that management attributes to weaker digital lead flow. The market's verdict was severe: down 14% on the print, a wave of downgrades, and a de-rating from roughly 46x at our entry to the point where the premium-multiple defense, the exact judgment our entry required, has so far been the costly part of the thesis. Valuation compressed, but this quarter's print means it did not compress "without deterioration in fundamentals," and we hold rather than add.

August added the read-across we said we were waiting for, and it cuts both ways. Rentokil, the industry's other giant, independently reported residential and termite lead weakness in the same late-quarter window, concentrated in housing-stressed regions, which substantially confirms the softness is category-wide rather than a Rollins execution failure. But the same report undermined two comforts: Rentokil said the weakness persisted into July, which fails to corroborate the lead-flow recovery Rollins management claimed on its own call, and Rentokil retired its North American margin target to fund growth reinvestment, an adverse read for margin-expansion stories across the whole industry. The stock has drifted down another 12% since July to \$33.77, now down more than 40% on our entry, while still carrying a premium multiple near 27x forward earnings on the cut numbers. Nothing from the company itself has moved the picture since the July print; the next data arrives with Q3 in late October.

What success looks like from here. Residential demand normalizing (management reports lead volumes recovered late June into July), incremental margins returning to the 30-35% algorithm from 2027 under the new CFO, William Harkins, the SG&A program delivering the 200-300 basis points, and organic growth returning to the 7-8% range. If the improvement story resumes, today's price will have discounted a pause as a failure. That is the bet the position now embodies.

What we would be watching. The Q3 print in late October is now the whole ballgame for the near term: whether the claimed summer lead recovery shows up in the reported numbers, whether incremental margins beat the roughly 10% floor guided for this year, and the first quarters of the new CFO against the stated algorithm. Around it: Rentokil's next update as the category read, the tuck-in cadence holding, and the demand-generation question, where industry data on AI-driven search continues to build but nothing yet ties it causally to the category's softness.

What would change our mind. No explicit falsifiers were published at initiation, so we state them now, sharpened by this year's evidence. The load-bearing claim is the professionalization

story: if incremental margins run materially below the algorithm again through fiscal 2027, under a CFO hired to deliver it, we would conclude the improvement thesis was wrong and that we paid a premium multiple for margin expansion that is not coming; that would be disconfirming evidence in the fullest sense, regardless of price. Separately, if the residential demand softness proved structural rather than cyclical (a lasting shift in how households find pest control that erodes the industry's organic algorithm), the growth leg would need re-underwriting too. What would not change our mind: the drawdown itself, which is severe but is the market repricing the same questions we have just stated, ahead of the evidence that answers them.

Topicus.com

Position: 72 shares, average entry \$66.87 (initiated March 2026) **Price at handover:** \$65.10
Cumulative return: -2.6% **Weight:** 4.8%

The thesis we published. Our March 2026 deep dive, published into an indiscriminate AI-driven software selloff, argued that the market was mispricing Topicus by treating a European vertical market software consolidator like a horizontal SaaS company. Topicus is fundamentally a capital allocation machine, not an organic growth company: it acquires small, mission-critical software businesses at disciplined multiples, keeps their 90%+ customer retention and steady pricing, and redeploys the cash at returns above 20% into a target universe of tens of thousands of European VMS businesses. Its permanent capital structure, backed by Constellation Software's control position, lets it buy on a time horizon no private equity fund can match. Our company-by-company AI analysis of the entire portfolio concluded that roughly two thirds of revenue sits in protected categories where the barrier is regulatory embedding and institutional trust, not code. At 23.3x free cash flow available to shareholders, the lowest multiple in the company's history and level with Constellation's own, we published scenarios of C\$127, C\$202, and C\$302 per share against a price of C\$92, implying annualized returns of roughly 6%, 16%, and 26% across bear, base, and bull cases.

What has been confirmed, and what has changed. We framed this thesis from the start as explicitly testable: if fiscal 2026 shows stable churn, realized pricing increases, and stable margins, the market's AI-disruption assumption is falsified. The early evidence has broken the thesis's way. The Q1 print showed 23% revenue growth with organic growth around 5%, inside our expectations, and the acquisition cadence has continued exactly as the model prescribes. Nothing in the data yet shows churn, pricing, or margin deterioration. What has changed is mostly around the position rather than inside it. The share price has round-tripped more than once: up double digits at one point, now modestly below our entry, as AI panic re-flared across the software complex. And Topicus made its most ambitious move of our holding period: a revised roughly A\$247 million proposal for Australia's ReadyTech, rejected by that board in June, with the situation still open. We read the attempt as consistent with the playbook (platform deals open new geographies for bolt-on compounding) and the discipline will show in whether Topicus walks rather than overpays.

The August print was the first real falsification data since initiation, and every test broke the thesis's way. Second quarter revenue grew 18% with organic growth of 4% and maintenance organic of 6%, which is what stable retention and realized pricing look like from outside; margins were stable, with the expense ratio flat; and first-half free cash flow available to shareholders grew 24%. Two watch-items did emerge. Capital deployment was deliberately slow, with first-half acquisition spend down roughly three quarters year-over-year and the

ReadyTech situation dormant since the June rejection, so the flywheel is coiled rather than spinning; management describes the pace as discipline, and the pattern across the Constellation family, where Constellation itself deployed heavily, suggests price rather than pipeline. And the group re-rating has stalled: Constellation's stock broke its downtrend after its own August results and Topicus stood double digits above our cost as recently as early September, but a renewed slide has since taken the shares back below it. The position sits 2.6% below cost, so the falsification premium is, for now, not being paid.

What success looks like from here. Fiscal 2026 delivering the falsification test: retention holding above 90%, pricing increases realized, margins stable, and capital deployed at the usual returns. If those prints arrive, the market's disruption assumption fails on the evidence, and a re-rating from the low-20s multiple toward the historical range is, as we wrote in the deep dive, a mechanical consequence of proving the market wrong. Success is not rapid organic growth; it never was. It is the flywheel spinning at its historical rate while the price stops assuming the flywheel is broken.

What we would be watching. The next two quarters of the same three lines: organic growth, margins, and cash conversion, which together are the falsification test running to plan. Deployment pace, where a resumption of normal acquisition cadence (or a resolved ReadyTech, either way) would tell us the discipline read is right. And Constellation's trajectory, which continues to set sentiment for the whole group.

What would change our mind. The falsifiers here were published in the deep dive and we restate them plainly. If fiscal 2026 and 2027 data show churn rising, pricing compressing, or margins deteriorating across the portfolio, the market's assumption is being validated, and the bear case applies. The structural break point we modeled: free cash flow margins would need to roughly halve before the acquisition flywheel itself is impaired, and a visible march in that direction would be disconfirming evidence long before it completed. There is a subtler sliding-scale version we also take seriously: if the businesses Topicus buys are becoming fundamentally impaired assets, the value of high reinvestment rates declines with them, even if the flywheel keeps turning. And we acknowledged from the start that a 170-company portfolio is partly a black box; our protection is diversification and the falsification tests, not perfect visibility. A final word on the AI question: the deep dive's conclusion was that AI can accelerate a competitor's ability to build software features, but it cannot accelerate a school district's willingness to rip out compliance-critical systems. If the coming two years of data prove that wrong, we will change our mind. Nothing so far suggests it.

Ingersoll Rand

Position: 66 shares, average entry \$75.75 (initiated May 2026) **Price at handover:** \$71.94
Cumulative return: -5.0% **Weight:** 4.8%

The thesis we published. Our May 2026 deep dive framed Ingersoll Rand as a disciplined industrial compounder with two engines the market was underpricing. The first is the razor-and-razorblade core: equipment sales seed an installed base whose parts and service aftermarket, roughly a third of revenue at far higher margins, generates the majority of gross profit. The second is a structural M&A flywheel: \$5.4 billion deployed across 70+ acquisitions since 2020 at 9-10x pre-synergy EBITDA, with the IRX operating system reducing those multiples 3-4 turns and generating mid-teens returns on capital, feeding 4-5% annual inorganic revenue growth from a 200+ target pipeline. With the market pricing roughly 3.6% annual revenue growth, our

scenarios ran \$66, \$96, and \$123 per share, a probability-weighted value around \$101 against our \$75.75 entry. The bet, plainly stated: organic growth inflects as the industrial economy recovers, and ILC Dover proves a one-off misstep rather than a systemic capital allocation flaw.

The July print answered the question the thesis asked. Organic growth came in at 4.1%, decisively above the 0-2% full-year guide the company began the year with; the guide itself was raised to 1-3% with revenue growth of 4.5-6.5%; earnings were guided toward the high end of the held range; and on the call management described July organic orders inflecting at low-double-digit to mid-teens rates as long-cycle projects convert. The macro corroborates, with the manufacturing PMI now in its eighth consecutive month of expansion. Capital allocation stayed in character: two small bolt-ons (one at a low-double-digit multiple, worth noting against the 9-10x norm, though tiny), a disclosed walk-away from a roughly \$1 billion deal on valuation, and a ratings upgrade. What the market did with all that is the surprise: it marked the stock down through August on margin compression (down 160 basis points in the quarter on China pricing and growth investment) and a broader industrial de-rating, leaving the position modestly below our entry even as the thesis evidence arrived. The organic inflection we underwrote is now visible in the reported numbers; the price paid for it has gone down, not up.

What success looks like from here. Organic growth inflecting into the 3-5% range through fiscal 2027, the M&A cadence resuming at the historical 9-10x discipline, margins continuing their 75-100 basis point annual expansion under IRX once the current investment and China pricing wash through, and earnings compounding toward the roughly \$3.88 our model carries for fiscal 2027. With the evidence now arriving while the price has retreated, the setup is the reverse of the one we described in July: the market is currently paying less for more confirmation.

What we would be watching. Whether the July order inflection converts into second-half organic revenue at or above the raised guide, the margin bridge as China pricing and growth investment wash through, the multiples on the next acquisitions of size, and execution in Life Sciences. The evidence-versus-price gap that has opened here is, to our eye, the most interesting setup among our industrial holdings.

What would change our mind. The deep dive published three explicit falsifiers, and we hand them over as written. First, capital allocation: if management deploys \$1.5 billion or more on acquisitions at multiples exceeding 11x EBITDA while simultaneously guiding organic growth below 2%, the capital allocation risk crystallizes from a credibility concern into genuine value destruction. Second, the organic engine: organic growth remaining below -1% through fiscal 2027 would mean the inflection failed and the bull case is resting entirely on M&A, which has a ceiling without organic support. Third, tariffs escalating beyond 35% on industrial equipment and persisting through 2027 without offsetting pricing. To these we add the standing test from the deep dive's conclusion: we would reassess if management pursues further large-scale acquisitions outside its core industrial competency, because a second ILC Dover would end the benefit of the doubt.

MercadoLibre

Position: 2 shares, average entry \$1,695.65 (initiated June 1, 2026, announced in our May update) **Price at handover:** \$1,828.94 **Cumulative return:** +7.9% **Weight:** 3.7%

The thesis we published. Our May 2026 deep dive, the last we published on a portfolio company, argued that MercadoLibre's falling operating margin (from a 14.6% peak in 2023 to a

6.9% trough in Q1 2026) is being misread by the market as a structural reset when it is a deliberate, growth-maintaining investment cycle: a lower Brazilian free-shipping threshold, an expanding credit book, and logistics build-out that together widen the moat and pay back over years, not quarters. MELI runs five reinforcing businesses (marketplace, logistics, payments, credit, advertising) on one user base across a region where e-commerce penetration is roughly 11% of retail against 17% in the US and over 50% in China. On our conservatively calibrated base case, an 18x mature EV/EBITDA multiple (the level the market pays for high-quality mature compounders) put intrinsic value around \$3,030 per share against our \$1,696 entry, with a bear case near \$1,983 and genuine multi-bagger outcomes if the bull case plays out. Our reverse DCF made the point sharpest: the market was pricing roughly 19% five-year revenue growth when the company had just printed 49%, and a terminal margin below the level a rational duopoly should produce. We initiated at 3.5%, below our usual high-conviction size, explicitly to leave room to add into emerging-market volatility without breaking our risk budget.

What has been confirmed, and what has changed. Before the August print, the tape had already moved our way: the Mexico investment was raised to \$4.6 billion, the sell side warmed with zero sell ratings on the street, and Shopee kept competing rationally rather than destructively. Then the print itself arrived as the first test of the discriminator, and it answered half the question in the clearest possible way. Revenue grew 50% in dollars, an acceleration from the first quarter and the company's first ten-billion-dollar quarter, with items sold up 44%, buyers up 26%, and advertising up 62% past a tenth of the region's digital ad market. The published bear case required growth to fade alongside depressed margins; growth did the opposite. The margin itself did not yet turn: 6.7% against the first quarter's 6.9%, with management explicitly declining to date a recovery and describing the spend as building profitability for years, not quarters. So the killer trigger has decisively failed to fire, while the margin-only variant we flagged with almost equal weight remains fully live. The credit book behaved: growth moderated to 75% year-over-year at \$16.4 billion, card delinquencies sit near historic lows, and the lending margin rebounded sequentially from 17.8% to 20.7%, the first movement in the direction the seasoning argument predicts. Competitively, Shopee keeps growing profitably in Brazil while MELI outgrows it at the group level, and Brazil's rate-cutting cycle continued. The stock sits 7.9% above our entry after a round trip through the print.

What success looks like from here. The margin lifting off its trough during 2027 while revenue growth stays elevated, which is what the deliberate-investment interpretation predicts and the structural-reset bear denies. The first half of that pairing is already in evidence; the second is the one the market is waiting to see. Alongside it, the \$16.4 billion credit book seasoning cleanly, with the lending margin's sequential recovery extending as young cohorts mature.

What we would be watching. The operating margin line, quarter after quarter, with no single print settling it: the trend through fiscal 2027 and 2028 is the discriminator, and consensus now looks for the inflection in 2027. The credit book's seasoning, where the sequential NIMAL rebound needs to become a pattern. And the competitive intensity of the Brazilian investment phase, where the free-shipping escalation continues on both sides.

What would change our mind. The deep dive published the discriminator in one sentence, and it is the cleanest falsifier in the portfolio: the killer trigger is growth failing and margins failing simultaneously through fiscal 2027-2028. Either alone is survivable and has an innocent explanation; both together mean the structural-reset bear case was right, the bear becomes the base, and the verdict flips. There is a margin-only variant we flagged with almost equal weight: if the long-term operating margin settles near 10-11% rather than the 13%+ a maturing duopoly

should produce, that alone moves the value close to today's price and removes the margin of safety. And the credit book is the highest-velocity risk: rising Latin American unemployment or a currency shock while the young credit-card book is still unseasoned would be the scenario where losses could outrun the data. None of the three is visible today, and the position is sized precisely so that the volatility on the way to finding out is survivable.

Beyond the Portfolio: The Two We Covered but Never Owned

Two businesses received full deep dives without ever entering the model portfolio, and a complete handover owes you a closing word on each. Copart gets the scorecard on the pass we published; APi Group, our final deep dive, gets the same full treatment as the holdings above, because the coverage is recent enough that our forward framework is worth handing over in full. Neither entry involves a position: there is nothing here we own, bought, or sold, only how we think about two businesses we studied closely.

Copart

Our August 2025 deep dive concluded with a pass: a high-quality operator whose risk-reward was unfavorable at roughly 30x earnings, with share losses to a rebuilt IAA underpriced by the market. A year on, that call has aged well. Copart's US insurance volumes are falling while IAA's grow, the stock is down roughly 35% from our pass and the multiple has compressed toward 20x, the chief executive seat changed hands in June, and the company's reported interest in acquiring claims-software assets reads as a strategic response to a marketplace position that is no longer unchallenged. We would restate the lesson rather than the victory lap: passing on a good business at the wrong price is one of the least visible and most valuable decisions in investing, and the discipline that produced this pass is the same one that kept our cash balance high. What would have changed our mind then still applies now: at a valuation that compensated for the share-loss risk, Copart's auction network remains genuinely excellent infrastructure. The fiscal year-end results, reported on September 10, complete the picture: full-year revenue grew just 0.4% with net income down 4.4%, and the fourth quarter showed net income falling 17%, numbers that would have been hard to imagine when the market was paying 30x for the franchise.

APi Group

Where it stands. APi Group was the last deep dive we published, on June 30, 2026, as the product wound down; the wind-down meant it was never added to the model portfolio, so unlike the sections above there is no position here, only our view of the business. The report went out with the stock around \$41; it trades at \$36.97 today, roughly 10% lower against a market near its highs, which for a company delivering on its numbers moves the valuation question in the reader's favor.

The thesis we published. APi is the legally required maintenance layer beneath a vast installed base of regulated equipment: building codes mandate that sprinklers, alarms, suppression systems, and elevators be inspected and maintained on a recurring schedule, and inspection, service, and monitoring work is already 54% of revenue and rising. The thesis rests on three compounding engines. First, organic growth that is genuinely unusual for a serial acquirer:

nineteen consecutive quarters of double-digit inspection revenue growth, driven by an inspection-first model that converts each mandated visit into recurring monitoring, annual repricing, and follow-on work. Second, a proven acquisition machine: 140 deals since 2005, bought from founders below 6x EBITDA through a proprietary pipeline of more than 300 targets, with the 2024 Elevated acquisition opening a ten-billion-dollar-plus elevator services market to the same bolt-on playbook. Third, margin expansion from 13.2% toward management's 16%+ adjusted EBITDA target by 2028, on the mix shift toward service work that carries gross margins 10 to 20 points above project work, plus procurement and back-office scale. Our stance was constructive with an honest caveat: an exceptional, regulation-protected compounder at a price that was reasonable for the quality but no longer cheap, and we presented the valuation as the primary risk rather than burying it.

What has been confirmed, and what has changed. The first results since publication supported every leg. The second quarter, reported July 30, was a record: revenue up 13.3%, organic growth of 10.1%, adjusted earnings up 12.8%, the first backlog above \$5 billion in the company's history, and a second guidance raise of the year, with leverage near 2.2x and the bolt-on cadence intact (roughly \$816 million deployed in the first half, including the WTech fire-safety platform in Europe). In September, management reaffirmed the 2028 targets and described data-center demand as unprecedented, with capacity for a possible fourth service leg. The one nuance worth handing over is mix: growth is currently skewing toward the lower-margin Specialty segment, which grew 22% organically but held the quarter's margin expansion to just 10 basis points. Delivery has improved while the price has drifted lower, which is the combination a patient reader should notice.

What success looks like from here. The 2028 targets landing as stated: organic growth around 10%, adjusted EBITDA margins reaching 16% or better, and free cash flow conversion above 60%. Getting there requires the service mix shift to overcome the Specialty growth drag, the bolt-on machine to keep buying below 6x, and the elevator vertical to mature into its own acquisition runway the way fire safety did.

What we would be watching. The margin line above all: the mix tension that held expansion to 10 basis points last quarter is the specific thing to track against the 16% destination, quarter by quarter. Then the acquisition cadence and its pricing, including any fourth-leg platform deal, the durability of data-center-driven demand in Specialty, and the third quarter print in early November.

What would change our mind. Three things, stated as view-changers on the business since there is no position attached. If margins fail to make visible progress toward the 16% target through 2027 and 2028 while the Specialty mix keeps diluting, the most valuation-sensitive leg of the thesis weakens, and the constructive stance loses its footing. If the acquisition discipline slips, multiples drifting well above the sub-6x norm, or a large platform deal landing outside the service-verticals competence, the compounding math changes. And on price, the report was candid that the base case at publication was thin: a sharply higher price without corresponding delivery would tip the balance toward the priced-for-perfection framing our own research raised, while the current combination of a lower price and better numbers tips it the other way.

The Watchlist, Retired

Every month this past year we closed with a watchlist of businesses we admired and would have owned at the right price. It retires with the product, and its final entry is the same as its last several: Cintas, the dominant US uniform rental operator, a business we consider close to flawless and a price we were never able to defend. That tension, loving the business and refusing the price, is the whole discipline in miniature, and it feels like the right note for the watchlist to end on. These were never the only names we were researching, but they represent the kind of businesses we always wanted to own: durable, capital-efficient, and compounding machines.

A Final Word

We started Investor Center Research because we believed ordinary investors deserved the kind of patient, evidence-first company research that rarely escapes institutional walls. Fifteen months, more than a dozen deep dives, and twelve portfolio positions later, the product has ended, but nothing about that belief has changed, and neither has our ownership of these businesses or the way we will keep thinking about them.

What does success look like for us from here? Not a number by a date. Success is each of these businesses compounding value for years, the theses we published aging into track records, and the frameworks in this document proving more useful to you than any price target could have been. Some of our positions close underwater, and we have been candid about which of those reflect the market's impatience and which reflect our own mistakes; two of them, Rollins and RB Global, close with their theses under genuinely live tests that the next two or three quarters will grade. Long-term ownership means the verdict on all of it is still being written.

Thank you, sincerely, for trusting us with your time and your attention this past year. It has been a privilege to do this work in front of you. We sincerely hope that you have found our analysis useful.

Keep Compounding,

The Investor Center Founders