50 new hedge fund pitches

- Accton Technology (2345 TT) by ClearBridge Investments Emerging Markets Strategy
- APA Corp. (APA US) by Hotchkis & Wiley Value Opportunities
- Arista Networks Inc (ANET US) by Brown Advisory Large-Cap Sustainable Growth Strategy
- AST SpaceMobile (ASTS US) by Crossroads Capital Investment Partners, LP
- Beasley Broadcast Group (BBGI US) by Kingdom Capital Advisors KCA Value Composite
- Broadcom Inc. (AVGO US) by Baron Global Durable Advantage ETF
- CSL Limited (CSL AU) by Brown Advisory Global Value Select Strategy
- Disco Corporation (6146 JP) by Buffalo funds International Fund
- Edwards Lifesciences Corporation (EW US) by Baron Asset Fund
- EPAM Systems (EPAM US) by White Falcon Capital Management Partner Strategy
- Equitable Holdings (EQH US) by Harris Associates U.S. Large Value Strategy
- Exco Resources (EXCE US) by Cedar Creek Partners (Eriksen Capital Management)
- FTAI Aviation (FTAI US) by Crossroads Capital Investment Partners, LP
- GFL Environmental, Inc. (GFL US) by Ave Maria Funds
- Green Dot Corp. (GDOT US) by Alluvial Fund
- Guidewire Software, Inc. (GWRE US) by Baron Focused Growth Fund
- Hoa Phat Group (HPG VN) by Harding Loevner Emerging Markets Equity
- Infineon Technologies (IFX GR) by Harding Loevner International Developed Markets Equity
- INOX India Limited (INOXCVA IN? N/A) by Baron India Fund
- Intercontinental Exchange, Inc. (ICE US) by GreensKeeper Value Fund
- Jazz Pharmaceuticals (JAZZ US) by Aristotle Global Equity Advisory
- Magnum Ice Cream Co (MICC N/A) by Upslope Capital Long/Short Strategy
- Marsh & McLennan Companies, Inc. (MMC US) by Artisan Partners US Select Equity Fund
- Mastercard (MA US) by Pershing Square
- McDermott International Ltd (MDRIQ US) by Alluvial Fund
- Meta Platforms (META US) by Wedgewood Partners Large Cap Focused Strategy
- Murphy USA (MUSA US) by Artisan Partners U.S. Small-Cap Growth Strategy
- Permian Resources Corp. (PR US) by Conestoga Capital Advisors Small Cap, SMid Cap & Micro Cap Growth Composites
- Precision Wires India Limited (PRECWIRE IN? N/A) by Baron India Fund
- Progyny Inc. (PGNY US) by Buffalo funds Mid Cap Growth Fund
- Prologis, Inc. (PLD US) by Baron Real Estate Income Fund
- RCI Hospitality Holdings (RICK US) by Ace River Capital Partners, L.P.
- Samsung Electro-Mechanics Co Ltd (009150 KS) by Hood River CM Emerging Markets Fund
- Samsung Electronics Co., Ltd. (005930 KS) by Baron Global Durable Advantage ETF
- SK Hynix (000660 KS) by Artisan Partners Emerging Markets Fund
- SK hynix Inc (000660 KS) by Buffalo funds International Fund
- Snowflake Inc. (SNOW US) by Spyglass Growth Strategy

- Space Exploration Technologies Corp. by Baron Global Opportunity Strategy
- Sumitomo Electric Industries Ltd (5802 JP) by Artisan Partners Global Equity Strategy
- TechnologyOne (TNE AU) by LHC Capital High Conviction Fund
- Tencent Holdings (700 HK) by Vision Capital Fund
- The Charles Schwab Corporation (SCHW US) by Baron First Principles ETF
- The Magnum Ice Cream Company N.V. by Aristotle International Equity ADR WM
- Theon International (THEON NA) by Amati Global Innovation Fund
- U-Haul Holding Co. (UHAL/B US) by Hotchkis & Wiley Focused Global Value Strategy
- Ventas, Inc. (VTR US) by Guinness Global Real Assets Fund
- Viking Holdings (VIK US) by Brown Advisory Mid-Cap Growth Strategy
- Volati (VOLO SS) by REQ
- Welltower Inc. (WELL US) by Baron Opportunity Fund
- Western Digital Corporation (WDC US) by Alger.com Focus Equity Fund

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Accton Technology ($2345 TT)

Fund: ClearBridge Investments Emerging Markets Strategy

Thesis: Accton Technology is a high-quality compounder in network switches, supported by AI data traffic growth, customer relationships, and an asset-light model.

Source: Read the original letter ↗

Analysis:

In Taiwan, we purchased Accton Technology and Elite Material. Accton is a high-quality compounder operating in network switches — an increasingly critical part of data centers as AI drives rapid growth in data traffic. We have confidence in the long-term story given Accton's strong relationships with major customers and its efficient, asset-light business model. Accton is seeing growing participation in AI infrastructure, and we think continued upgrade cycles support robust long-term growth at attractive valuations.

Access our full research database on Accton Technology

APA Corp. ($APA US)

Fund: Hotchkis & Wiley Value Opportunities

Thesis: APA is an upstream oil and gas company with strong free cash flow, undervalued reinvestment opportunities, and a discounted valuation.

Source: Read the original letter ↗

Analysis:

APA Corp. (APA) is an independent oil and gas E&P (exploration & production) company operating in the Permian and in Egypt. Quarterly results were in line with expectations and supportive of our investment thesis, but the stock fell as oil retreated due to optimism about a resolution to the conflict in Iran. APA offers strong free cash flow generation driven by favorable natural gas price differentials and underappreciated reinvestment opportunities in Suriname, Egypt, and potentially Alaska. Despite concerns over shorter Permian resource life, APA trades at attractive value metrics relative to its free cash flow yield and remains leveraged to a structurally undersupplied global energy market. The company has an investment grade balance sheet and trades at a valuation discount to its peers.

Access our full research database on APA Corp.

Arista Networks Inc ($ANET US)

Fund: Brown Advisory Large-Cap Sustainable Growth Strategy

Thesis: Arista Networks Inc supplies cloud and AI networking infrastructure with a software-centric moat, structural share gains, and strong growth prospects.

Source: Read the original letter ↗

Analysis:

Arista Networks Inc (ANET) is a leading provider of cloud and AI networking infrastructure. The company's software-centric architecture, anchored by its proprietary Extensible Operating System (EOS), enables the high-speed, low- latency connectivity required to power modern data centers and large-scale AI workloads. In combination with its open Ethernet-based architecture, the EOS software code base enables superior telemetry, automation, and network management capabilities that deliver better performance, reliability, and total cost of ownership versus competitors. We believe Arista Networks Inc will be a structural share gainer in networking and will continue to benefit from the rapid expansion of AI infrastructure and shortening network upgrade cycles. The company's ability to improve the efficiency of digital infrastructure will enable customers to increase compute utilization and reduce power consumption. We believe the company is positioned to deliver over 20% revenue growth and peer- leading profitability for years to come. We were able to take advantage of temporary stock weakness during the quarter due to transitory supply chain concerns while initiating the position.

Access our full research database on Arista Networks Inc

AST SpaceMobile ($ASTS US)

Fund: Crossroads Capital Investment Partners, LP

Thesis: AST SpaceMobile is transitioning from R&D to operational scale, with FCC approval, expanding manufacturing, multiple carrier partnerships, and government contracts supporting a direct-to-device satellite network.

Source: [Read the original letter ↗]

Analysis:

AST SpaceMobile (ASTS) Q2 picked up exactly where Q1 left off. As we've stated before, the transition we laid out last quarter—from R&D- stage startup to operational scaleup—went from "underway" to "unmistakable" over the last three months. It charged us a toll along the way, however: The BB7 satellite launched on April 19 but was then lost when Blue Origin's New Glenn rocket failed during deployment. The failure was cleanly attributable to Blue Origin, not to AST; it amounted to a ~$125 million write-off (partially covered by launch insurance, and claims have been filed). AST's response on the May call was the right one, citing its 33 satellites (now 42, as of this writing) in advanced stages of production. So, yes, BB7 was a loss, but it's moving on to the next launch. First-quarter results in May landed with modest revenue from gateways and government milestones, guidance reaffirmed, and. roughly $3.5B of cash. More important, the FCC granted commercial authorization for SpaceMobile service in the United States, covering a network of up to 248 satellites. So the regulatory question for the home market is now answered. Block 1 satellites also set a 98.9 Mbps peak-speed record to unmodified smartphones, with Block 2 expected to nearly double it. Pro forma liquidity stands near $3.7B as of June 30, 2026, which is more than enough to fund the constellation buildout and get AST to commercial service without going back to the capital markets. However, the company cited the July convert was a raise to "go on offense," so we're excited to see what materializes as they now go from strength to strength.

The manufacturing story is where the scaleup shows in hard numbers. AST exited 2025 producing six satellites' worth of Micron phased arrays per month. It expects to hold a six-per-month full-stack testing, assembly, and integration cadence through the first half of 2026. Q2 ended with BlueBirds 11 through 33 in advanced stages of production and assembly, with Micron's equivalent to 40 satellites targeted for completion by mid-year (Update: complete), enough for AST to reach BlueBird 46. Its global manufacturing footprint now exceeds 500,000 square feet, with construction of a future 400,000 square foot Midland site recently announced. That's quite a scaleup. Most importantly, CEO Abel Avellan confirmed on the call that single-satellite launches ended with BB7; future missions will stack satellites in groups of three, four, six, or eight. On June 17, BlueBirds 8, 9, and 10 went up together on a single Falcon 9 in the first multi-satellite BlueBird launch. The operational constellation now stands at twelve BlueBirds, and the structural question we flagged last quarter—whether the lighter Block 2 composite bus could hold up in a stacked configuration—has now been answered. Launch math has officially shifted from additive to multiplicative, and the company is targeting roughly 45 satellites in orbit in early 2027, using SpaceX and other providers. Blue Origin's untimely blow-up appears recoverable by year-end or soon after, with a return to launch by early 2027. AST's recent convertible raise may have been untimely from a near-term share price perspective. But with manufacturing stepping up so quickly, we believe it was prudent for the company to ensure it could fund more launches, possible investments in spectrum, and a Japanese government-funded JV.

Everything else continued to progress: On the commercial side, Orange, Telefónica, CK Hutchison, Taiwan Mobile, and Sunrise were added or advanced, with Telus and Axian Telecom joining during the quarter. The partner base is now over 60 MNOs covering over 3 billion subscribers, and ground integration is underway in seventeen countries representing a combined 2.9 billion people. Management also laid out the spectrum stack in more detail than we'd seen previously: approximately 1,150 MHz of tunable low- and mid-band MNO spectrum globally, 45 MHz of MSS lower mid-band in North America, and 60 MHz of licensed S-band priority rights outside North America. Avellan also telegraphed a mid-band constellation beginning to launch by the end of 2026, which is not in the model and would meaningfully expand the TAM beyond the core D2D story.

On the government side, AST layered a $30M prime contract from the Space Development Agency for HALO Europa Track 2 on top of the SHIELD IDIQ award from January, another direct-to-device national security workstream bolted onto the Golden Dome trajectory. Government revenue doesn't require a full constellation of satellites, and scales linearly with satellite count. Moreover, for the highest-value direct-to-device contracts, we believe AST remains the only bidder on Earth with demonstrated capability. In other words, "competitive procurement" for the contracts that matter is just a formality.

Finally, AT&T, T-Mobile and Verizon have agreed in principle to pool spectrum into a direct-to-device joint venture with economics that we think run directly through AST. That leaves SpaceX (which was refused wholesale access by all three of them) to build a vertically-integrated carrier of its own. Net-net, AST is now manufacturing at scale and has managed the near-term issues associated with Blue Origin's setback. The shares spent late June and July being marked down with everything space-adjacent that wasn't SpaceX, and then again with everything carrying a momentum label. But none of that affected a single satellite, contract, or megahertz of bandwidth listed above. As we wrote in our AST thesis we sent to LP's, Connecting Dots, the treasure won't remain hidden forever, and another layer of wrapping is removed with each new government contract, satellite launch, or commercial partnership.

Access our full research database on AST SpaceMobile

Beasley Broadcast Group ($BBGI US)

Fund: Kingdom Capital Advisors KCA Value Composite

Thesis: Beasley Broadcast Group is presented as a deeply undervalued asset play where a new capital structure aligns the family with shareholders and could unlock significant value from real estate and radio assets.

Source: Read the original letter ↗

Analysis:

Beasley has been a difficult long-term investment, with the stock down more than 90% from its peak ten years ago. The company got itself into such a debt predicament that their notes were trading hands for

25 to 30 cents on the dollar. One firm saw an opportunity, built a position in their debt, and offered to exchange the notes for new debt at 50% of face value, lowering Beasley's net debt by nearly $100m. The new debt matures sooner, with an important caveat that if they don't pay it off the new debt holders will take control of 95% of the outstanding stock. You may be asking yourself why I find this attractive.

We believe the new capital structure creates a strong incentive for the Beasley family to monetize valuable assets to avoid losing control of the business.

Based on our estimates, the company's real estate and radio station assets could support value of up to approximately $200 per share after repayment of outstanding debt, though realizing that value depends on asset-sale timing, execution, and market conditions. With their interests finally aligned with common shareholders, we hope they can reverse the company's long-term underperformance and do right by investors.

Thanks to our active, go-anywhere approach, we were able to establish our position under $6/share in April, before increasing the stake as we gained confidence in the aligned incentives.

Access our full research database on Beasley Broadcast Group

Broadcom Inc. ($AVGO US)

Fund: Baron Global Durable Advantage ETF

Thesis: Broadcom supplies semiconductor and infrastructure software, with a strong AI custom-silicon moat and major hyperscaler relationships.

Source: Read the original letter ↗

Analysis:

We took advantage of the stock's sell-off post earnings to initiate a new position in Broadcom Inc., which designs and supplies semiconductor and infrastructure software solutions that sit at the core of modern computing and networking. The company is a global leader in high-performance digital and mixed signal technologies spanning networking, connectivity, storage, and custom accelerators (ASICs). Through VMware, Broadcom also owns critical software layers used to virtualize and manage large-scale compute environments.

Broadcom has one of the most durable and formidable competitive moats in the AI infrastructure buildout. As AI labs and hyperscalers look to not only optimize their hardware for AI workloads to achieve peak performance but also optimize costs to extract the highest intelligence per dollar of capex spent, they partner with Broadcom – the best silicon design player, one that excels at both digital and analog circuit design. Customers also choose Broadcom due to its ability to innovate at an annual cadence, similar to NVIDIA. Speed of innovation matters because lagging would mean that a competitor using NVIDIA's product cadence will have access to more powerful and cheaper compute. Moreover, ASIC designs are growing increasingly complex and require a multitude of technologies to bring to life through full system optimization. A hyperscaler or an AI lab cannot afford to go with an inferior solution when its revenue and long-term success are tied to the quality and the quantity of the compute power it has available.

While there has been a lot of noise about customers considering vertically integrating for future silicon designs, this remains only a bear narrative at this stage. The increasing complexity of AI systems demands very tight integrations between the different components, which is done via extreme co-design of compute, memory, input/output on dies, and networking fabrics. Broadcom, being at the frontier in all of these technologies, has therefore a far more durable moat than the market appreciates, in our view.

Hock Tan on recent earnings call (Q2'2026) addressed this issue with respect to key customer, Google: "Our relationship continues to be strategic and very substantial as we continue to deliver vastly superior technology and execution compared to other alternatives. This ability to provide differentiated value to Google ensures that our business will sustain and grow for the foreseeable future." We expect Google to continue accelerating its investments in TPUs, driven by growing internal and external customer demand. Broadcom has also recently extended its multi-year agreement with Google to 2031, validating its strong position within the Google silicon ecosystem and establishing it as a key player benefiting from Google's investments in AI infrastructure. Hock Tan commented on the agreement in the last earnings call: "... a very, very strong agreement and it basically reflects the strength of the partnership we have simply because of the products we do... and any intellectual property we deploy into this whole program... it's a commitment that is very substantial in dollars. Very, very substantial amount of dollars."

Beyond Google, other customers such as Anthropic, OpenAI, and Meta each showed incrementally positive signs in their respective ASIC adoption journeys. Anthropic, following its recent extraordinary success, is planning for larger compute requirements, which should translate into a larger TPU compute base over the next few years. OpenAI, working with Broadcom, taped out its first inference silicon, Jalapeno, in a record nine months, targeting 10GW of ASIC-based AI infrastructure this decade. Meta continues to hold a bullish view on AI and the associated investments in AI infrastructure. Additionally, Apple signed a multi-year agreement with Broadcom spanning multiple products, not only conventional radio frequency components and next-generation wireless connectivity technologies, but also ASICs across multiple generations of Apple products. Hock Tan expects ASICs to match GPU units in volume by next year, and Broadcom, as the leader in this space, should continue to be the biggest beneficiary of this growth. We believe that Broadcom is uniquely positioned to capture the lion's share of the custom silicon market for years to come, with strong competitive moats, underpinning a long duration of growth.

Access our full research database on Broadcom Inc.

CSL Limited ($CSL AU)

Fund: Brown Advisory Global Value Select Strategy

Thesis: CSL Limited is a high-quality biopharma business with attractive economics now available at a low multiple.

Source: Read the original letter ↗

Analysis:

CSL is a business we have admired as a peer to a past investment, but hadn't expected to find its way onto the kind of valuation we are willing to underwrite. However, a series of external headwinds and self-inflicted mistakes have allowed us to pay a low multiple to invest in what we suspect is one of the strongest biopharma businesses globally. CSL is primarily the world's largest plasma-products business, as well as one of three large flu vaccine producers and the owner of Vifor, a producer of treatments for iron deficiency and nephrology. The plasma business collects human plasma from donors and breaks this into different proteins that are sold as drugs to treat a wide range of diseases, and CSL generates the industry's most attractive economics because of a wider portfolio of proteins sold. The stock has sold off to low multiples because of a bad acquisition (Vifor), demand headwinds to certain plasma products, and negativity toward vaccination in the U.S. market.

Access our full research database on CSL Limited

Disco Corporation ($6146 JP)

Fund: Buffalo funds International Fund

Thesis: Disco Corporation is a semiconductor equipment company held for secular growth, competitive advantages, and strong free cash flow.

Source: Read the original letter ↗

Analysis:

The Fund's top 10 holdings included Disco Corp 2.17 ...

Regardless of the eventual outcome, we continue to maintain exposure to secular trends that we believe to be at least partially insulated from these potential risks, among them trends related to advancements in AI, Electrification, and Defense. We continue to seek out companies that are benefiting from secular growth trends, sound business models and competitive advantages, while investing with a mid-to-the long-term outlook. We appreciate businesses that generate consistent and strong free cash flow, with management teams that focus on generating returns above the cost of capital and creating value for shareholders. We believe that by continuing our focused and disciplined strategy we should be able to post attractive risk-adjusted returns over the longer term.

Access our full research database on Disco Corporation

Edwards Lifesciences Corporation ($EW US)

Fund: Baron Asset Fund

Thesis: Edwards Lifesciences Corporation makes heart valve replacement and repair products, and the fund sees dominant market share, expanding markets, and attractive margins.

Source: [Read the original letter ↗]

Analysis:

We initiated a position in Edwards Lifesciences Corporation , a leading manufacturer of heart valve replacement and repair products. Edwards has dominant market share in transcatheter aortic valve replacement (TAVR), a minimally invasive procedure used to treat aortic stenosis, a disease that obstructs the flow of blood throughout the body and strains the heart. If left untreated, the condition can lead to death. Edwards' position in this market is supported by a robust body of positive clinical evidence and widespread physician familiarity with Edwards' product and workflow.

We believe that today's $7 billion market for TAVR can grow to more than $10 billion as approved indications expand to allow TAVR to cover a broader patient population. In addition, Edwards' competitor Boston Scientific recently exited the TAVR market, and another competitor, Medtronic, released poor data about its product that we expect will drive additional market share to Edwards. Furthermore, recent policies implemented by Medicare should expand the number of medical centers that can perform TAVR procedures.

Edwards also manufactures products used to treat the heart's mitral and tricuspid valves (TMTT). When these valves are dysfunctional, the heart can be forced to work harder, becoming strained and possibly leading to death. Edwards is in the unique position of offering patients options for both valve repair and replacement. The company has devoted more than a decade of research to develop its TMTT portfolio. Addressing TMTT issues is structurally much more complex than TAVR, and the barrier to developing effective solutions is extremely high. We believe that today's $1.5 billion TMTT market can grow to as much as $8 billion over time.

With a combined addressable market of nearly $20 billion, we believe Edwards has meaningful opportunity to compound growth. The company also has an attractive and improving margin structure, with 78% gross margins and 27% operating margins. With a more stable competitive landscape in TAVR and large greenfield opportunity in TMTT, we believe Edwards can compound its revenues at low double digit rates and its earnings per share in the mid-teens for an extended period.

Access our full research database on Edwards Lifesciences Corporation

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EPAM Systems ($EPAM US)

Fund: White Falcon Capital Management Partner Strategy

Thesis: EPAM Systems has a resilient business and net-cash balance sheet, trades at a low multiple, and is expected to benefit from rising demand for trusted engineering partners as AI deployment and integration become more important.

Source: [Read the original letter ↗]

Analysis:

The biggest detractor this quarter was EPAM Systems (EPAM). We have stubbornly held the stock for some time and as the saying goes there is sometimes no difference between being early and being wrong. While the underlying business has remained resilient and a net-cash balance sheet, the stock has now de-rated to approximately 4x EV/EBITDA and 7x P/E. The challenge in IT services is that AI is evolving so rapidly that many enterprises are delaying large digital transformation projects as they wait for the technology to mature.

We believe this is a timing rather than a structural issue. In fact, AI should ultimately increase demand for sophisticated engineering as companies modernize legacy systems and integrate AI into their workflows. As AI capabilities have advanced, the leading labs have recognized that the real bottleneck is no longer model development but enterprise deployment and integration. This has driven investment in forward-deployed engineering (FDE) teams and, in some cases, acquisitions of companies with these capabilities. EPAM has spent decades building exactly this type of organization. If AI becomes ubiquitous, we believe the value of trusted engineering partners that can integrate and operationalize these technologies should increase, not decrease. If anything, the best engineers become even more valuable in an AI world, and that has long been EPAM's competitive advantage.

We also take solace in the fact that there is substantial strategic value in EPAM. Recently, one of EPAM's peers, Nagarro, agreed to be acquired by Persistent Systems at approximately 9.1x EV/EBITDA and 1.3x revenue - more than double EPAM's valuation!

Access our full research database on EPAM Systems

Equitable Holdings ($EQH US)

Fund: Harris Associates U.S. Large Value Strategy

Thesis: Equitable Holdings is attractive for its shift toward fee-based capital-light businesses, merger upside, and low valuation.

Source: Read the original letter ↗

Analysis:

Equitable Holdings is a U.S.-headquartered diversified financial services company operating across retirement, asset management, and wealth management. The life and retirement industry benefits from recurring, fee-based revenue, scale advantages in distribution, and structural demand from an aging population's growing reliance on annuity and advisory products. We are drawn to Equitable's repositioning away from spread-driven insurance earnings toward nonregulated fee businesses, which now places more than half of distributable cash flow in capital-light segments, supported by a management team with a consistent record of returning capital to shareholders. We view the pending merger with Corebridge Financial as a merger of equals with the potential to add scale and to create a leading U.S. retirement, wealth, and asset management franchise, and is expected to be accretive to earnings and cash generation. With the stock at less than 6x our estimate of 2027 distributable cash flow — a valuation we believe understates the earnings quality of the business — we were pleased to initiate a position at a meaningful discount to intrinsic value.

Access our full research database on Equitable Holdings

Exco Resources ($EXCE US)

Fund: Cedar Creek Partners (Eriksen Capital Management)

Thesis: Exco Resources is a natural gas E&P company with low valuation, modest debt, and significant upside to a sale value.

Source: Read the original letter ↗

Analysis:

Exco Resources (EXCE) last trade $22.08 46.4 million shares o/s (Fairfax owns 49.3% of outstanding shares) Exco is primarily a natural gas exploration and production company focused on Haynesville and Bosser shale in E Texas and N Louisiana, Eagle Ford shale in S Texas and Marcellus and Utica shales in Appalachia. Book value as of March 31, 2026 ~ $24.77 per share. Modest debt of $81 million. Capex budget for 2026 of $431 million. We purchased for $17.83 per share in late 2025, or under 4x our estimate of Q4 run rate net income (excluding gains/losses on derivatives), 2.1x adjusted EBITDA. Assumed natural gas prices of $3.75 in Q4. Every $1 per mcf increase is worth about $3.00 in EPS We believe it is worth $60 to $80 per share in a sale.

Access our full research database on Exco Resources

FTAI Aviation ($FTAI US)

Fund: Crossroads Capital Investment Partners, LP

Thesis: FTAI Aviation is an MRO and aerospace platform using a vertically integrated, increasingly capital-light model to compound earnings, expand into power, and benefit from strong aftermarket demand.

Source: Read the original letter ↗

Analysis:

FTAI Aviation (FTAI) FTAI entered the book eighteen months ago as a special situation, as a short seller campaign had marked the stock into the low $80s.

However, it has since graduated to “emerging compounder.” Today. FTAI is the leading independent MRO franchise for the CFM56, the most widely-flown engine on earth. It runs a vertically-integrated platform that manufactures “green time” (remaining usable life) by tearing down older engines and rebuilding them with proprietary PMA parts and used serviceable material into modules that swap in days rather than months. In a supply-constrained aftermarket, that speed can be the difference between an airline flying or remaining idle. FTAI captures the demand for that speed with high-margin Aerospace Products revenue layered on top of leasing, with the whole model migrating towards capital-light through its Strategic Capital vehicles.

The first quarter, reported in late April, showed the 2026 guidance of $1.625B in segment EBITDA was table stakes: Adjusted EBITDA came in at $325.6M and Aerospace Products revenue more than doubled with segment EBITDA up 70%. And 270 CFM56 modules were refurbished, up 96% year-over-year.

The second quarter, reported late July, saw the Aviation Leasing segment guidance cut from $575M to $475M as part of the company's shift toward a more asset-light business model. With the Aerospace Products segment holding firm, the 2026 bridge now points to roughly $1.525B, with a new 2027 target of $2.3B introduced. The dividend was raised for a third consecutive quarter, and the multi-year materials agreement signed with CFM International means FTAI is now formally partnered with the very OEM it takes aftermarket share from. That's about as clear a signal as you can get that the company's economics don't threaten the incumbent enough to provoke a response.

The capital-light transition is reaching its first payoff, as SCI I effectively deployed with 276 aircraft closed or under LOI against the $6B target. Management expects it to shift from investment to harvest at the end of Q2, the point at which the fee-driven half of the model starts producing rather than consuming, with fundraising for SCI II launched and an anchor commitment already secured.

Meanwhile, FTAI Power moved from announcement to execution, and, in late July, to backlog. The Mod-1, a CFM56 converted to burn natural gas and deliver 25MW of dispatchable power, exists because "time-to-power" is the key constraint for data centers facing multi-year turbine backlogs, and a jet engine that already exists beats a perfect machine that arrives in 2029 or 2030.

During the quarter FTAI added a packaging joint venture with Jereh Group called J&F Power Systems. This JV cuts the company's working capital load without changing the unit economics, and prototype testing is running ahead of schedule.

Then, on July 22, J&F signed a five-year master supply agreement with a leading international cloud service provider, and, under it, an initial purchase order valued at $1.465 billion for Mod-1 mobile generator sets to be delivered in batches through November 2027. FTAI expects that single order to absorb a substantial number of its targeted 2027 Mod-1 deliveries. Payments are milestone-based: an advance at signing, followed by progress payments through manufacturing, testing, and commissioning, with any downward performance adjustment capped at 10%.

That provides notable asymmetry to FTAI for a first-of-its-kind product. The "commercial discussions centering on long-term service agreements" we described last quarter have a number attached to them now, and this is a floor, not the ceiling. The core business is executing at scale, the OEM threat looks contained, guidance is rising, and the optionality stack keeps widening as FTAI Power secured its first contract with more to come.

[Access our full research database on FTAI Aviation]

GFL Environmental, Inc. ($GFL US)

Fund: Ave Maria Funds

Thesis: GFL Environmental, Inc. is cited for validating the valuation thesis on Secure Waste and as an operator with durable earnings and an economic moat focus.

Source: Read the original letter ↗

Analysis:

During the quarter, GFL Environmental ("GFL") announced its intention to acquire Secure Waste Infrastructure Corporation ("Secure"). Secure is a produced water disposal company that operates in Western Canada. A key tenet of the investment thesis for Secure is that its business attributes are akin to that of municipal waste companies. Consequently, Secure should be valued like a municipal waste company instead of a lower valued energy services firm. GFL's plan to acquire Secure validates the thesis and this validation should also benefit the Fund's other produced water disposal company, WaterBridge Infrastructure LLC. The Fund continues to be managed with a focus on companies that in our opinion can grow their per-share economic earnings over a long period of time, while privileging companies with durable earnings that have an economic moat and can potentially generate high returns on invested capital.

GFL Environmental, Inc. is the fourth largest waste services company in North America. The business exhibits many of the characteristics that we look for in an investment: competitive advantages from route density, founder operated, and acyclical. The company's growth-by-acquisition strategy allows it to grow faster than its larger competitors, which struggle to find acquisition targets large enough to move the needle.

Access our full research database on GFL Environmental, Inc.

Green Dot Corp. ($GDOT US)

Fund: Alluvial Fund

Thesis: Green Dot is undergoing a transformative sale and merger, with smart operators, buyback potential, and significant upside to tangible book value.

Source: Read the original letter ↗

Analysis:

GreenDot Corp. shareholders approved the sale of its technology assets and the merger of its bank operations with CommerceOne Financial. All that remains is government approval, expected imminently. GreenDot shares have acted well, but still trade at a large discount to pro forma tangible book value. The management and board of directors of the future combined entity are smart operators. If the bank continues to trade below tangible book value after the deal is completed, I expect they will not hesitate to implement share buybacks. I see upside of 50-70% in the next few years, net of the large distribution shareholders will receive when the deal is completed.

Access our full research database on Green Dot Corp.

Guidewire Software, Inc. ($GWRE US)

Fund: Baron Focused Growth Fund

Thesis: Guidewire Software, Inc. provides core P&C insurance software, and the fund expects cloud migration, ARR growth and high margins to make it the critical vendor in a large market.

Source: Read the original letter ↗

Analysis:

Property and casualty (P&C) insurance software vendor Guidewire declined 18.0% in the second quarter and detracted 60 bps from performance. However, the company continues to do quite well - after a multi-year transition period, the company's cloud transition is substantially complete, and insurers are upgrading to the cloud at an accelerated rate. We believe that cloud will be the sole path forward, with annual recurring revenue (ARR) benefiting from new customer wins and migrations of the existing customer base to the company's Insurance Suite Cloud. We also expect the company to shift R&D resources to product development from infrastructure investment, which should help drive cross-sales into its sticky installed base and potentially accelerate ARR over time. We are encouraged by Guidewire's subscription gross margin expansion, which improved by 340 bps in its most recently reported quarter. We believe Guidewire will be the critical software vendor for the global P&C insurance industry, capturing 30% to 50% of its $15 billion to $30 billion total addressable market and generating margins above 40%.

Access our full research database on Guidewire Software, Inc.

Hoa Phat Group ($HPG VN)

Fund: Harding Loevner Emerging Markets Equity

Thesis: Hoa Phat Group is a low-cost, integrated Vietnamese steel leader with capacity growth, tariff support, and attractive valuation.

Source: Read the original letter ↗

Analysis:

Hoa Phat Group is Vietnam's largest domestic steel producer with over 35% market share in construction steel. The company's core competitive advantage is its fully integrated steel production model and modern asset base, featuring more efficient blast furnaces, which allow it to be the lowest cost producer in the country. This structural cost advantage is reinforced by favorable plant locations near the largest sources of demand and a dense distribution network, which together enable consistent market share gains at the expense of smaller, higher-cost competitors. Hoa Phat's growth is underpinned by the ramp-up of its Dung Quat 2 complex completed in late 2025 to meet demand from rising domestic infrastructure spending—the new complex has expanded Hoa Phat's production capacity by roughly 60%. The Vietnamese government's recently imposed tariffs on Chinese steel imports should also lead to better pricing and margins for Hoa Phat as a domestic producer. Given such attractive fundamental growth prospects, valuations look appealing. The addition of a rare quality growth business in the cyclical steel industry also enhances portfolio diversification.

[Access our full research database on Hoa Phat Group]

Infineon Technologies ($IFX GR)

Fund: Harding Loevner International Developed Markets Equity

Thesis: Infineon Technologies stands to benefit from ongoing semiconductor capacity expansion and continued demand for advanced equipment across logic and memory markets.

Source: [Read the original letter ↗]

Analysis:

The good news for semiconductor equipment suppliers is that virtually all semiconductor manufacturers, whether in logic or memory, remain committed to expanding capacity. High current and prospective profits should easily fund such capital expenditure. In addition to its record profits, SK hynix, the world's second-largest memory producer by revenue, plans to use funds from ADR issuance to purchase advanced lithography equipment, almost certainly supplied by ASML. Samsung, in our meetings with management, has vowed to be more disciplined with memory capacity capital expenditure than it has been in the past, with indications that AI memory growth is being supported partly by reallocating commodity memory lines. Yet Samsung, too, will need increasingly advanced equipment to stay ahead of competitors. Micron has also suggested that its capex expansion will be tied to customer demand and directed toward AI memory. Statements of disciplined capacity growth from the three largest memory makers suggest that prices and margins could stay higher for longer than in past decades.

Still, the same customer demand that has pushed semiconductor demand growth well ahead of supply growth is now incentivizing capacity additions that should eventually bring utilization into better balance. For the companies, such investments may be rational. For the stocks, it could prove more complicated. Scarcity has been a powerful driver of recent earnings growth and investor enthusiasm. If capacity catches up, the balance of enthusiasm may shift as well.

Should semiconductor demand growth come off the boil, we suspect that past patterns of industry profitability will reassert themselves.

[Access our full research database on Infineon Technologies]

INOX India Limited ($INOXCVA IN? N/A)

Fund: Baron India Fund

Thesis: INOX India Limited makes cryogenic equipment for LNG and industrial gases, with growth driven by energy security, exports, and international project wins.

Source: [Read the original letter ↗]

Analysis:

INOXCVA is India's largest manufacturer and exporter of cryogenic equipment, offering storage and transport tanks as well as distribution systems for industrial gases and liquefied natural gas (LNG) 4 . With approximately 60% domestic market share, the company is a key beneficiary of growth across various end-use industries, including steel, medical, and electronics manufacturing.

In our view, INOXCVA is well positioned to benefit from India's increasing focus on energy security by providing LNG storage and transport solutions, as the nation aims to reduce dependence on Middle East energy imports. Beyond the domestic market, the company is also gaining traction in exports driven by global supply chain diversification. Built on its proven quality and reliability, INOXCVA has forged strong relationships with marquee clients such as Air Liquide, Linde, and Air Products. We are also encouraged that the company is increasingly participating in large international projects, including the construction of a mini-LNG terminal in the Bahamas and a more recent big win, a cryogenic storage supply contract with a leading space exploration company, which we believe is SpaceX.

We expect INOXCVA to deliver 15% to 20% compounded revenue and EBITDA growth over the next three to five years.

Access our full research database on INOX India Limited

Intercontinental Exchange, Inc. ($ICE US)

Fund: GreensKeeper Value Fund

Thesis: Intercontinental Exchange, Inc. has strong earnings growth, a defensible franchise in energy markets, and market-leading infrastructure that supports long-term compounding.

Source: Read the original letter ↗

Analysis:

Our largest detractor during the quarter was Intercontinental Exchange (ICE), which declined 21.7%.

The company's underlying performance remains strong, with revenue and earnings increasing 20% and 34%, respectively, to start the year. Nevertheless, ICE's shares declined alongside peers including Cboe Global Markets (CBOE) and CME Group (CME), amid concerns of a cyclical peak in earnings. Investors are also concerned that a relatively new product known as "perpetual futures" could pose a competitive threat to incumbent derivatives exchanges. Trading activity is currently concentrated in cryptocurrency markets, but several recent product announcements have raised concerns that perpetual futures could expand into more traditional asset classes.

We view these concerns as overblown, particularly for ICE's flagship energy markets (such as Brent crude and TTF natural gas). ICE's core users are commercial hedgers and institutional investors, not retail speculators. These market participants rely on fixed settlement dates, standardized contracts, deep liquidity, robust clearing, and established regulatory oversight—features perpetual futures do not prioritize. Furthermore, should institutional demand for perpetual contracts ever materialize, ICE is well-positioned to launch its own offerings. Its market-leading technology, clearing infrastructure, regulatory standing, and global customer base give it a massive advantage over emerging platforms.

While record volatility set a high bar for year-over-year volume comparisons, ICE's diversified footprint across exchanges, data, and mortgage technology should enable it to continue compounding earnings and intrinsic value over the long run.

Access our full research database on Intercontinental Exchange, Inc.

Jazz Pharmaceuticals ($JAZZ US)

Fund: Aristotle Global Equity Advisory

Thesis: Jazz Pharmaceuticals is building long-term value through differentiated therapies, a growing oncology franchise, and strong cash flow generation.

Source: Read the original letter ↗

Analysis:

Jazz Pharmaceuticals, a biopharmaceutical company focused on neuroscience and oncology, was among the largest contributors during the quarter. Shares appreciated as the company delivered strong commercial execution across its portfolio, reinforcing the durability of its neuroscience franchise and the growing contribution from oncology. First-quarter revenue increased by 19% year over year, led by Xywav, Epidiolex, Zepzelca, and Modeyso, while reaffirming its full-year financial guidance.

Results also highlighted several catalysts we have previously identified, including the expansion of Zepzelca into front-line maintenance treatment for extensive-stage small cell lung cancer, ongoing growth of Epidiolex in rare epilepsies, and continued uptake of Xywav for narcolepsy and idiopathic hypersomnia (IH), where it remains the only FDA-approved therapy. Management also continued preparations for the launch of Ziihera in a significantly larger cancer indication, which has the potential to meaningfully expand the company's oncology business.

We continue to believe Jazz's portfolio of differentiated therapies, expanding oncology franchise, and disciplined approach to business development position the company to create long-term value. The company has successfully evolved from a business primarily focused on sleep disorders into a more diversified rare disease and oncology company, supported by strong cash flow generation and continued investment in both its pipeline and strategic acquisitions.

Access our full research database on Jazz Pharmaceuticals

Magnum Ice Cream Co ($MICC N/A)

Fund: Upslope Capital Long/Short Strategy

Thesis: Magnum Ice Cream Co is a dominant global ice cream business with strong brands, a complex supply chain, margin upside, and an attractive valuation.

Source: Read the original letter ↗

Analysis:

Magnum is a pure-play global ice cream company spun out of Unilever at the end of 2025. It is by far the largest ice cream company in the world (~21% share) with almost double the market share of the #2 player, Froneri (private). Beyond Magnum and Froneri, the largest players hold 2% share at most. Magnum and Froneri are rare for their exclusive focus on ice cream. Key brands owned by Magnum include Ben & Jerry's, Breyer's, Cornetto, Wall's, and of course the flagship Magnum brand. Geographically, Magnum's sales are balanced by region, with nearly 40% each in the Americas and Europe/ANZ, and 25% in Asia, Middle East, and Africa. Emerging Markets are a key growth driver, contributing ~30% of sales.

Magnum initially came on to Upslope's radar as I reviewed out-of-favor consumer staples businesses but sought those with manageable GLP-1 risks due to lower U.S. sales concentration (Magnum is ~25% U.S.). Upslope's key thesis points for Magnum include the following: (1) Dominant, defensive business with significant competitive advantages stemming from ownership of leading global brands (4 of top 5) and complex global frozen supply chain network. (2) Opportunity for top-line growth acceleration and efficiency (margin) gains as an independently run business now focused exclusively on ice cream and related products. (3) The Froneri "comp": represents both margin and valuation upside potential. Froneri has reportedly expanded EBITDA margins to ~20% in recent years vs. ~16% at MICC. There are no obvious reasons why MICC can't catch-up on margins over time – particularly as a focused standalone business. Further, Froneri's private equity owner (co-owned with Nestle) recently completed a transaction valuing Froneri for an estimated 10-11x EBITDA4. While MICC shares have re-rated in recent weeks, they still trade at a discount.

Part of the recent re-rating has been due to rumors in the press about private equity interest in Magnum, despite tax hurdles (due to recent spin-off) making a near-term transaction unlikely. (4) Attractive valuation and balance sheet: currently trades for ~9.5x 2026E EBITDA (17x EPS) with net leverage <2.5x EBITDA. All figures remain highly reasonable for a leading consumer staples business.

Key risks for the company and shares include: limited history as a standalone public company, GLP-1-related volume and/or consumer trends uncertainty, FX (sales are mostly ex-U.S.), and weather impact on short-term results.

[Access our full research database on Magnum Ice Cream Co]

Marsh & McLennan Companies, Inc. ($MMC US)

Fund: Artisan Partners US Select Equity Fund

Thesis: Marsh is held and added to because the managers see the stock as cheap, with a durable commercial insurance brokerage model and valuable proprietary data that AI is unlikely to displace.

Source: [Read the original letter ↗]

Analysis:

We added meaningfully to Marsh during the quarter. The insurance brokerage industry seems to have been a big target of the roadkill trade. The shares traded down to as low as 14X forward earnings, a price that we think represents great value for such a phenomenal business.

We added to our position aggressively. Note that we have found zero evidence that the insurance brokerage industry is being disrupted by AI. We see only vague, nebulous assertions that it will be at some point. The arguments go something like this. Commercial insurance buyers will use AI agents (or a cheaper AI-native broker) to go directly to the universe of property and casualty (P&C) underwriters, eliminating the need for traditional brokers such as Marsh. Coca-Cola, for example, will input its insurance requirements into its AI agent. The agent will then go to the underwriters in order to find the right policies, negotiate the terms and finalize the underwriting. Well, maybe.

The direct insurance model has been around for decades, enabled by the Internet. Consumers used to buy auto and home insurance from insurance agents. Then Progressive Insurance and GEICO started selling those policies directly, bypassing insurance agents. Direct selling has steadily increased its market penetration and now accounts for a large portion of the home and auto markets. The reason the direct model worked for auto and home policies is that these policies are essentially commodities. They have standard limits, coverage levels that are, in many cases, mandated by state regulations, and they are easily comparable. A basic liability policy for a 2026 Toyota Camry in San Francisco, California, purchased from Progressive or through your State Farm agent, is going to look pretty much the same. The biggest difference is the price of the policy. Progressive can generally offer a better one because it doesn't have a large brokerage infrastructure to support. Direct retail auto and home insurance is not a good analog for commercial insurance.

The global property and casualty insurance needs of businesses such as Coca-Cola or American Express or Meta are not as simple as underwriting a state-mandated liability policy for a Toyota Camry. These companies own lots of properties all over the world. They operate in multiple jurisdictions. They need multiple and extensive property and casualty policies to protect their massive physical, financial and human assets. These are not off-the-shelf auto and home policies. This is why, despite being around for decades, the direct model has never been successful in commercial insurance. It's also worth noting that even in the more commoditized home and auto insurance space, the agent model still has majority market share.

Moreover, we think there is tremendous value in brokers' data. Marsh has decades of intelligence on terms and conditions and pricing around the world and, importantly, across all the major P&C underwriters. That data is not publicly available for some AI-native startup to scrape and train on.

Access our full research database on Marsh & McLennan Companies, Inc.

Mastercard ($MA US)

Fund: Pershing Square

Thesis: Mastercard operates a dominant global payments network with strong growth, expanding value-added services, and durable moat-like economics.

Source: Read the original letter ↗

Analysis:

Earlier this year, we initiated positions in Visa and Mastercard, two businesses we have long admired, which provide the dominant global networks for consumer and commercial payments, with an increasing share of revenue growth coming from value-added services. In our view, Visa and Mastercard are among the highest-quality businesses in the world. Both are capital- light “toll-takers” that earn a nominal fee on each transaction without taking any material risk and are natural beneficiaries of higher inflation. Their networks, built over decades, connect billions of consumers with hundreds of millions of merchants and thousands of financial institutions. Each new member and transaction further strengthens the networks and deepens their data advantage. Visa and Mastercard receive approximately 20 basis points of a typical transaction in exchange for 24/7/365 reliability, instant authorization, global acceptance, fraud protection, and dispute resolution. Card volumes are still approximately half of addressable consumer spending globally and have a long runway of growth as cards continue to take share from legacy payment methods and e-commerce continues to grow at a rapid rate. Even in countries with high card usage, the card networks continue to outgrow consumer spending, and agentic AI is likely to further accelerate the growth of e-commerce and create significant new use cases. Value-added services now represent approximately 30% and 40% of revenues at Visa and Mastercard, respectively, and are growing at two to three times the rate of the payments business, a mix shift that will accelerate overall revenue growth. These characteristics produce a highly attractive financial profile of double-digit revenue growth with high operating margins, minimal incremental cost per transaction, and 100%+ cash flow conversion.

Despite these attributes, Visa and Mastercard recently de-rated to 22 times next twelve months’ earnings. We attribute this to investor concerns around stablecoin disruption, agentic commerce, and proposed U.S. regulation, each of which we believe is misplaced.

We believe stablecoins represent an opportunity for the card networks rather than a threat. They are most relevant where cards are not the incumbent: cross-border business-to-business payments, high-cost remittance corridors, and dollar savings in countries with volatile currencies. Adoption in these areas should grow in parallel with, not at the expense of, card volumes. In consumer payments, cards offer near-universal merchant acceptance, fraud protection, access to credit, and rewards, advantages that stablecoins, whose transactions are typically final and harder to reverse, cannot replicate. The card networks are also embracing the technology: Visa and Mastercard are key members of Open USD that recently announced OUSD, a new stablecoin. The card networks also offer hundreds of stablecoin-linked card programs, are modernizing settlement with stablecoins, and are testing use cases that allow issuers to mint, burn, and transfer fiat-backed tokens.

Similarly, we believe agentic commerce is more likely to expand the payments ecosystem than to erode the networks’ moats, as agents reduce friction, enable more frequent purchases, and accelerate the digitization of commerce. Agents should adopt, not replace, consumers’ existing payment preferences. Agent-initiated transactions make the networks’ core strengths more valuable, as confirming that purchases reflect user intent, enforcing delegation and spending limits, and providing recourse for fraud are complex problems best solved by the networks’ infrastructure. If agent-to-agent microtransactions reach scale, the networks can introduce alternative pricing structures to capture them. As proof points, the card networks are working with other technology leaders to build agentic commerce protocols and enabling agent cards, which give each AI agent its own credential with programmable limits, rules, and policies.

Finally, the U.S. regulatory proposals that unnerved investors earlier this year, which would cap interest rates and mandate routing competition on credit cards, have both stalled amid broad opposition. Even if routing legislation were enacted, we estimate it would have a minimal impact on Visa and Mastercard.

The card networks have a long history of consistent growth despite periodic fears of disruption, the most recent of which created the opportunity for our purchase of shares in the companies While Visa and Mastercard shares have appreciated from our cost as the S&P 500 has remained flat, they remain attractively valued at 23 and 24 times forward earnings. With a multi-year runway of double-digit revenue, low-to-mid-teens operating income, and mid-to-high-teens EPS growth, we expect both businesses to generate attractive returns for years to come.

Access our full research database on Mastercard

McDermott International Ltd ($MDRIQ US)

Fund: Alluvial Fund

Thesis: McDermott International is an energy EPC turnaround whose rights offering should de-risk the balance sheet and unlock bidding capacity, value, and upside.

Source: Read the original letter ↗

Analysis:

The most fascinating development in the portfolio this quarter came from McDermott International. McDermott is an energy EPC (engineering, procurement, construction) company with a troubled past and a bright future. After several difficult years, the company has all but completed its legacy zero-profit and loss-making contracts. Sustained profitability is on the horizon. However, the company has one remaining issue: a weak balance sheet. Poor balance sheet liquidity and a negative equity position hinder McDermott from bidding on desirable contracts and suppress its valuation.

Earlier this month, McDermott announced it would address this weakness via a $500 million rights offering. Concurrent with the rights offering, the company will refinance its term loan. Though the rights offering is typical in that every shareholder can participate, it is quite atypical in that it is priced at a gigantic discount to pre-offering trading levels. In this transaction, two things are abundantly clear: • The rights offering is tremendously beneficial for McDermott and for its shares. The additional capital substantially deleverages the company, greatly reducing the possibility of financial distress and enabling McDermott to bid on more and larger contracts. It also sets the company up well for a sale or IPO in the medium term. • The rights offering is punitive for holders who cannot or will not exercise their rights. Because the rights offering is priced at a large discount, holders who do not exercise their rights will be diluted to oblivion. Most rights offering include over-subscription rights for those interested in buying additional shares. This rights offering does not. Rather, unexercised rights will be exercisable by the four large McDermott shareholders backstopping the rights offering. Obviously, Alluvial Fund will be participating in the rights offering to the fullest. To decline would be to leave substantial value on the table.

Post-offering, McDermott will be substantially de-risked. At its current valuation, McDermott trades at just 3.2x 2027 EBITDA guidance.

McDermott has been a strong performer for Alluvial Fund. When we first invested, I saw upside potential of 150% or more. Shares have moved upward since we invested, but I continue to see potential for shares to double in the next few years. Despite this attractive return profile, I always limited our position size out of caution over the company's elevated financial risks. This rights offering greatly reduces the company's financial risk, so I am now willing to hold McDermott at a higher weighting going into 2027. In many ways, this set-up parallels the Garrett Motion rights offering in 2021. (Right down to the near-identical large holder backstop feature.) In both cases, fundamentally decent companies were being held back by stressed balance sheets. Garrett Motion has been a tremendous performer since, even if we had to endure a few years of sideways price movement first. I am confident that McDermott will be the same, hopefully over a shorter timeframe.

I expect McDermott shares to be volatile as things shake out post-rights offering. We will keep our eyes on the longer-term trajectory. If the company is able to achieve its revenue and earnings goals, shares currently trade at less than 4x 2028 earnings.

[Access our full research database on McDermott International Ltd]

Meta Platforms ($META US)

Fund: Wedgewood Partners Large Cap Focused Strategy

Thesis: Meta Platforms uses its scale and AMD-related economic hedge to offset DRAM inflation and support future returns.

Source: [Read the original letter ↗]

Analysis:

Last but not least in the capex spending bonanza is Meta Platforms. While they have certainly received its share of criticism for recently increasing its 2026 capex plans by around $10 billion, citing DRAM inflation, we'd like to point out that the warrants Meta holds on Advanced Micro Devices (AMD), related to a strategic sourcing arrangement with AMD struck in late February (~5 months ago), are now worth close to $90 billion, by our estimate (a swift nine times more than the incremental DRAM inflation for 2026). Meta's sourcing advantage from its massive scale gives it the bargaining power to keep commodity cost inflation in check, which investors are so worried about. Although this investment in AMD does not technically qualify as a GAAP-based accounting hedge, it is certainly an economic hedge that we believe investors have completely overlooked, even though it should serve to blunt the effects of DRAM inflation and bolster returns for years to come.

[Access our full research database on Meta Platforms]

Murphy USA ($MUSA US)

Fund: Artisan Partners U.S. Small-Cap Growth Strategy

Thesis: Murphy USA runs a low-cost convenience and fuel retail network and is entering a favorable profit cycle driven by margins, share gains and store growth.

Source: Read the original letter ↗

Analysis:

Murphy USA operates a convenience store and fuel retail network built around an everyday low-price strategy, supported by an advantaged fuel procurement model and low-cost operating structure. The stock had been on our watchlist, and we initiated a GardenSM position following a management change. We later elevated it to a CropSM position as our work increased conviction that the company's everyday low-price fuel and nicotine strategy would matter again. In our view, Murphy is entering a favorable profit cycle, supported by structurally improving fuel margins, continued market share gains, ongoing new store growth and operational improvements under the new management team.

Access our full research database on Murphy USA

Permian Resources Corp. ($PR US)

Fund: Conestoga Capital Advisors Small Cap, SMid Cap & Micro Cap Growth Composites

Thesis: Permian Resources Corp. is an oil and gas producer, and the thesis is supported by a low-cost model, disciplined capital allocation, and free cash flow growth.

Source: Read the original letter ↗

Analysis:

Permian Resources Corp. (PR) PR is an independent oil and natural gas producer focused on the Delaware Basin. We initiated a position based on the company's low-cost operating model, disciplined capital allocation, and ability to consistently grow free cash flow across commodity cycles. Continued operational efficiencies, investment-grade balance sheet strength, and a deep inventory of high-return drilling opportunities provide flexibility to create long-term shareholder value.

Access our full research database on Permian Resources Corp.

Precision Wires India Limited ($PRECWIRE IN? N/A)

Fund: Baron India Fund

Thesis: Precision Wires India Limited is the largest enameled copper winding wire maker in India, benefiting from power-sector capex, EV growth, and scale advantages.

Source: Read the original letter ↗

Analysis:

Precision Wires India Limited is the largest manufacturer of enameled copper winding wire in India, with approximately 30% market share. The company's products — critical inputs for power transformers, generators, and electric motors — are supplied across automotive, aerospace and defense, power, electronics, home appliances, and infrastructure end markets. Shares rose during the quarter, driven by strong sales growth and profitability. We believe Precision Wires is well positioned to capitalize on India's power-sector upcycle, with accelerated power generation capacity additions expected to drive sustained demand for winding wire. Growth in India's electric vehicle (EV) market should also support increasing demand for EV-grade winding wire, reinforcing our expectation that the company can deliver 15% to 20% compounded revenue growth over the next three to five years. Long term, we think Precision Wires will continue to benefit from its scale of operations, strong innovation capabilities, and relationships with original equipment manufacturers.

Access our full research database on Precision Wires India Limited

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Progyny Inc. ($PGNY US)

Fund: Buffalo funds Mid Cap Growth Fund

Thesis: Progyny provides fertility benefits management for employers and is supported by best-in-class outcomes, an asset-light model, cash generation, and repurchases.

Source: Read the original letter ↗

Analysis:

Progyny Inc. (PGNY) is a leading fertility and family-building benefits management provider for self-insured employers. The company demonstrates best-in-class fertility outcomes and is positioned to benefit from the societal trend towards later- in-life pregnancies in developed countries. They enjoy an asset-light, cash-generative business model along with strong net-cash balance sheet, undemanding valuation multiple, and are rapidly shrinking the share count through repurchases. The company reported earnings that beat investor expectations in the quarter and the stock outperformed but remained a compelling investment opportunity in our view.

Access our full research database on Progyny Inc.

Prologis, Inc. ($PLD US)

Fund: Baron Real Estate Income Fund

Thesis: Prologis, Inc. is favored for its industrial portfolio, embedded rent upside, and secular logistics and e-commerce tailwinds.

Source: Read the original letter ↗

Analysis:

We remain constructive on the Fund’s industrial REIT holdings, Prologis, Inc. , EastGroup Properties, Inc. , and Terreno Realty Corporation, driven by a favorable multi-year outlook for demand, supply, and rent growth. We see significant embedded growth potential from in-place rents that generally sit approximately 20% below market levels, as well as secular tailwinds including e-commerce expansion, supply chain logistics, “just-in-time” inventory strategies, and nearshoring/onshoring trends.

[Access our full research database on Prologis, Inc.]

RCI Hospitality Holdings ($RICK US)

Fund: Ace River Capital Partners, L.P.

Thesis: RCI Hospitality Holdings operates with normalized free cash flow, owned real estate, and disciplined capital allocation, and the stock is viewed as undervalued despite litigation overhangs.

Source: Read the original letter ↗

Analysis:

RCI Hospitality Holdings (RICK): The investment thesis for RCI Hospitality has strengthened. The market remains focused on the New York litigation overhang while overlooking the company’s normalized free cash flow generation, valuable owned real estate, and long record of disciplined capital allocation. I believe the current valuation materially understates intrinsic value even under conservative assumptions. Continued share repurchases and intelligent capital allocation should enhance long- term per-share value, while eventual resolution of the New York matter has the potential to remove a meaningful overhang. My conviction has increased during the period, and RCI remains one of the Fund’s largest investments.

Access our full research database on RCI Hospitality Holdings

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Samsung Electro-Mechanics Co Ltd ($009150 KS)

Fund: Hood River CM Emerging Markets Fund

Thesis: Samsung Electro-Mechanics benefits from an improving MLCC cycle driven by AI servers, automotive, and other higher-value applications.

Source: Read the original letter ↗

Analysis:

Samsung Electro-Mechanics (2.71%) was one of the Fund’s leading contributors during the quarter. We identified an improvement in the multilayer ceramic capacitor, or MLCC, cycle before it was broadly reflected in market expectations. MLCCs are essential passive components used to regulate and filter electrical current across electronic devices, automobiles, servers, and industrial equipment. While the market initially viewed the recovery primarily through the lens of consumer electronics restocking, our research suggested that the more important driver was strengthening demand for higher-value components used in AI servers, data centers, advanced driver-assistance systems, and electric vehicles. As utilization improved and the product mix shifted toward these higher-performance applications, the company's earnings potential became more visible. Samsung Electro-Mechanics subsequently reported strong growth and highlighted continued demand for MLCCs used in AI servers and automotive applications, supporting our view that the cycle was broader and more durable than a conventional consumer recovery.

Access our full research database on Samsung Electro-Mechanics Co Ltd

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Samsung Electronics Co., Ltd. ($005930 KS)

Fund: Baron Global Durable Advantage ETF

Thesis: Samsung Electronics is held for secular AI-driven memory demand, constrained supply, and valuation upside with foundry optionality.

Source: Read the original letter ↗

Analysis:

We also initiated a new position in the Korean giant and one of the leading memory, semiconductor manufacturing, smartphone and display providers, Samsung Electronics Co., Ltd. Our thesis has 4 key aspects: 1) The demand s-curve is large, and we are very early on it due to AI and specifically agentic AI. 2) Supply growth is limited. 3) The memory industry is becoming less cyclical. 4) We're getting the non-memory parts of Samsung for free including its foundry business which offers optionality and a partial hedge on the tail risk of a Taiwan invasion.

First on demand, the throughput of AI inference (the amount of tokens generated per second by the AI factory), is dependent on how fast the system can pull data and model weights from memory and run the calculations on it to infer the next token. The greater the bandwidth, the more tokens can be generated. The more tokens, the more revenue the AI factory can produce and the greater the ROI. Agentic AI, which generates a lot of internal tokens (due to reasoning) to generate 1 external (consumer-facing) token, requires even greater bandwidth. It also creates a long context window (according to Micron, context window has grown by 30 times year-on-year!7) which requires more memory and storage, and it calls tools (search, file use, application use) which require even more memory and storage – as users want their AI agents to remember previous interactions rather than start from scratch every time. This has created the strongest demand in history for memory. And this is before autonomous driving has really started scaling (with autonomous vehicles expected to have 20 times the memory of non-autonomous8) and before robotics.

Second, regarding supply of memory, we believe that memory will remain structurally supply constrained through the end of the decade at least. High bandwidth memory (HBM), the stacked DRAM that sits beside every AI accelerator, is gaining market share of total DRAM, and it's more wafer intensive than regular DRAM. Additionally, agentic AI drives demand for NAND, and so NAND capacity can no longer be converted into DRAM. Then, it takes two to three years to build a new greenfield production facility, and tool supply is limited.

Third, the memory industry may be becoming less cyclical. Memory suppliers are increasingly signing long-term agreements that provide better demand visibility and share volume and pricing risk with customers. In addition, memory – especially HBM – is becoming less commoditized as rising AI complexity makes co- design with accelerators more important. Co-optimizing the full system should increase differentiation and customer stickiness. Finally, as memory complexity rises, technology transitions to the next node are producing fewer incremental bits, making a larger portion of supply growth discretionary and giving the industry more flexibility to align bit supply with demand.

Lastly, having fallen behind SK hynix through the HBM3E generation, Samsung regained ground recently when in February 2026 it became the first in the industry to begin commercial shipments of the sixth generation HBM49 for NVIDIA's next platform.

Beyond memory, we view Samsung's display, mobile, automotive, and foundry businesses as meaningful optionality. While the foundry business is currently loss-making, success with external customers could create meaningful profits and drive a re-rating. Samsung's 4x P/E multiple offers an attractive risk-reward to own a secularly growing memory business, with potential hedging value against global dependence on TSMC, HBM4 recovery as a near- term catalyst, and foundry as a long-duration call option.

Access our full research database on Samsung Electronics Co., Ltd.

SK Hynix ($000660 KS)

Fund: Artisan Partners Emerging Markets Fund

Thesis: SK Hynix stands out for its leadership in HBM for AI accelerators, reinforced by NVIDIA collaboration and investment in capacity.

Source: Read the original letter ↗

Analysis:

SK Hynix is a leading Korean semiconductor manufacturer. Shares advanced amid sustained demand for memory chips, supported by the rapid buildout of data centers. In our view, the company's key differentiator is its strength in high-bandwidth memory (HBM), a technology used in AI accelerators that require faster data processing and improved energy efficiency. Recent developments have reinforced SK Hynix's competitive position in advanced memory, including ongoing collaboration with NVIDIA on next-generation AI memory and continued investment in packaging and HBM testing capacity in Korea. While our conviction remains grounded in its technology leadership, we remain mindful that the pace and magnitude of recent memory price increases may prove difficult to sustain, particularly if elevated costs begin to weigh on end demand.

Access our full research database on SK Hynix

SK hynix Inc ($000660 KS)

Fund: Buffalo funds International Fund

Thesis: SK hynix Inc is a memory-chip maker benefiting from AI-driven demand, especially its leadership in customized HBM.

Source: Read the original letter ↗

Analysis:

Top contributors in the period were once again driven by AI. We continued to see Agentic AI driving the story, which kept us bullish on the need for memory, as memory is what makes agentic AI possible. AI agent workloads drive demand not just for HBM (High Bandwidth Memory), but across the entire memory spectrum, including conventional DRAM and NAND for AI servers. SK Hynix and Samsung, the two strongest contributors, both benefited from increasing demand for memory. SK Hynix continued to be driven by its leadership in HBM, which is made to order and customized.

Access our full research database on SK hynix Inc

Snowflake Inc. ($SNOW US)

Fund: Spyglass Growth Strategy

Thesis: Snowflake Inc. provides cloud data warehouse software, and the manager highlights product innovation and early AI traction as drivers of long-term potential.

Source: Read the original letter ↗

Analysis:

Snowflake Inc. (SNOW), a provider of cloud data warehouse software, was a top contributor during the second quarter. Snowflake's first-quarter results exceeded consensus expectations for both revenue and earnings. We continue to be impressed by the Company's product innovation, and, importantly, Snowflake saw enough traction with one of its early AI products to raise guidance while attributing the increase specifically to that product. We believe Snowflake's long- term potential remains misunderstood by most investors. While we trimmed our position size during the quarter due to share price appreciation, Snowflake remains a core position.

Access our full research database on Snowflake Inc.

Space Exploration Technologies Corp.

Fund: Baron Global Opportunity Strategy

Thesis: Space Exploration Technologies Corp. is viewed as a unique, vertically integrated platform benefiting from reusable rockets, Starlink, AI infrastructure, and multiple long-duration optionality layers.

Source: Read the original letter ↗

Analysis:

SpaceX We had been under an NDA with SpaceX, which has prevented us in the past from fully explaining our investment thesis on the company. Now that SpaceX is public, we will attempt to explain why we are so excited about its prospects and long-term opportunities.

We have often described ourselves as disruptive change investors and how disruptive change has become so critical and pervasive that we evaluate every investment opportunity through this disruptive change lens. We believe SpaceX stands at the intersection of two of the most consequential secular growth trends of our time: AI and Space Economy. The company is the most likely (obvious?) beneficiary of multiple early-stage, large S-curves disruptions. SpaceX has built a set of durable, multifaceted competitive advantages that to us appear to be insurmountable and is led by one of the most accomplished entrepreneurs and operators in history whose culture continues to attract extraordinary engineering and product-building talent. From the standpoint of uniqueness and opportunity set – it has no rivals. This is THE company with N=1.

More than a decade ago, SpaceX solved a problem experts said was impossible: instead of discarding rockets after each flight, it made them reusable. Today, SpaceX can reuse a booster (the bottom portion of the rocket) up to 35 times, while the rest of the industry still discards boosters after a single use. As a result, SpaceX needs only 3 boosters for 100 launches, compared with 100 for the industry. This created significant cost, scale, reliability, and innovation advantages, supported by higher launch frequency and the data generated from landed rockets. SpaceX has built a platform business with launch at its core. As its cost and scale advantages compound, the company can bring mass to space at lower cost and higher volume than anyone else, with the gap likely to widen further as it transitions to Starship. Lower unit costs expand markets, as we have seen across other industries: Moore's Law enabled massive growth in compute, mobile, and internet; the falling cost of genome sequencing, from millions of dollars to roughly $200 today, helped power growth in biotechnology and pharmaceuticals; and lower- cost, increasingly capable intelligence tokens have expanded the AI market. SpaceX has reduced launch costs from the industry standard of nearly $20,000 per kilogram to an order of magnitude lower with Falcon 9, while Starship targets another major reduction to below $100. Beyond the expanding ecosystem that relies on SpaceX for launch, the company's vertically integrated connectivity business, Starlink, has further supported Falcon 9's scale because most missions carry Starlink satellites.

Speaking of Starlink... despite already serving more than 12 million subscribers, we believe the connectivity opportunity remains quite significant. Starlink delivers faster, lower-latency connectivity that works virtually anywhere. In a market of largely undifferentiated connectivity services – where many regions still have either no service or poor, dial-up-quality service – Starlink is disrupting an approximately $1.5 trillion connectivity market. Any investor who has experienced a Starlink-enabled flight will appreciate the significance of this advantage. Could Starlink ultimately reach 20% market share? 50%? 80%? Each 10 percentage points of share represents roughly $150 billion of revenue opportunity, with very high incremental margins. This is a high fixed-cost business: once the satellite constellation is in orbit, the incremental costs are primarily user terminals, customer acquisition, and customer support, and SpaceX continues to improve efficiency across the value chain. Starlink also creates the potential to connect more than 3 billion people globally who remain unconnected today5. Competition faces a steep challenge: smaller constellations offer less bandwidth, resulting in inferior service, while competitors also lack SpaceX's scale and reusable launch economics, making their product more expensive to deliver. In addition, we believe SpaceX is well positioned to become an important player in global defense through Starshield, its dedicated government constellation.

Over the past five years, we have written extensively about AI and the disruption and the opportunities that we believe it represents. Now, with NVIDIA valued at over $4.8 trillion and hyperscaler CapEx approaching $750 billion annually, we believe AI is just getting started. The first agentic use case to make AI genuinely useful at scale has been coding, and even that market is still nascent. Annualized recurring revenue (ARR) is growing rapidly, with Anthropic surpassing $47 billion in May6, OpenAI passing $33 billion7, and overall generative AI revenues reaching $175 billion8. The coding opportunity alone is substantial: there are approximately 45 million to 50 million developers globally9 and that population should expand meaningfully as AI lowers the barriers to software creation. The number of natural-language coders could ultimately be far larger than the number of developers proficient in Python, Java, or C++. According to Ramp, which observes actual enterprise spending across its customer base, a top 1% firm already spends roughly $90,000 per employee per year 3 June 30, 2026 FOR FINANCIAL PROFESSIONAL USE ONLY. NOT FOR USE WITH THE PUBLIC.NON-U.S./GLOBAL on AI, or about half the median developer salary. A top 10% firm spends approximately $7,300, while the median firm spends just $137 – and all of these figures are growing exponentially.10 This suggests that coding alone could represent a multi-trillion dollar opportunity. If, over time, the median firm spends what today's early adopters spend, the total addressable market could reach $4 trillion to $5 trillion. Extending that framework across roughly one billion information workers points to a potential opportunity measured in the tens of trillions of dollars. The range of outcomes is wide and will depend on the value AI creates, but the direction is clear: the more capable and lower-cost intelligence tokens become, the steeper the adoption S-curve is likely to be.

We believe SpaceX is emerging as a meaningful participant across multiple layers of the AI stack. The most immediate opportunity sits in the compute layer, where the company has recently signed its first terrestrial data center hosting agreements with Anthropic and Google, together representing $26 billion of annualized revenue. Based on our estimates, these contracts imply revenue opportunities in the mid-$20 billion per gigawatt for Anthropic and the mid-$40 billion per gigawatt for Google. If SpaceX scales to 10GW over the next several years, this could represent a $200 billion to $400 billion opportunity with very high incremental margins, assuming demand for intelligence tokens continues to exceed supply. We believe that is likely given the structural constraints around advanced chip production and memory availability. Can SpaceX become a leader in AI hosting? We believe it already has, even with only its initial agreements with Anthropic and Google. SpaceX's core competency is executing complex physical operations at extraordinary scale: reasoning from first principles, eliminating bottlenecks, removing unnecessary complexity, optimizing, automating, and moving with unusual speed. The company has already demonstrated the ability to build data centers faster and at lower cost than others, including a 100,000- GPU coherent cluster in 122 days versus an industry norm closer to two years. In a market advancing this quickly, time – is money! The sooner a data center comes online, the sooner it can begin producing valuable tokens and generating returns.

Still within the compute layer, SpaceX has a significant longer-term opportunity to place data centers in orbit. Picture satellites rather than buildings – powered by unlimited and free solar energy. While meaningful technical work remains, we believe SpaceX's experience with Starlink satellites and terrestrial data centers positions it well to pursue this opportunity.

Over time, as building data centers on Earth becomes more challenging and expensive because of regulation, power and cooling constraints, land scarcity, and construction costs, orbital data centers could benefit from effectively unlimited power, unlimited space, economies of scale, and a simpler regulatory framework. Starship is the prerequisite and therefore must come first. As for the scale of the opportunity, Elon has targeted 100GW per year by the end of the decade. Over time, we believe orbital data centers could become the lowest-cost and most scalable architecture for AI inference. Their cost per gigawatt will depend on Starship reusability and the ratio of AI satellite weight to AI compute capacity. Based on the latest available information, Gen 1 satellites are designed to generate 160KW of AI compute per satellite, with the goal of increasing that capacity over time.11 Even at 160KW per satellite, each Starship Version 3 carrying 28 satellites would deliver 4.5MW of compute, requiring roughly 223 launches for 1GW. At SpaceX's target of less than $100 per kilogram, a Starship launch would cost less than $10 million, implying total launch costs below $2.23 billion for 1GW of AI compute.

By comparison, five-year total cost of ownership for terrestrial data centers is roughly $10 billion to $15 billion per gigawatt (excluding AI compute costs in both cases on the assumption they converge at scale). This implies that 1GW of AI satellites (roughly 6.25 thousand satellites) could cost approximately $8 billion to $13 billion and still reach breakeven versus terrestrial data centers. That comparison also excludes the fact that terrestrial data centers incur ongoing power and operating costs that orbital data centers would largely avoid because power and "land" are free in space. For a 1GW terrestrial data center, power alone can cost roughly $1 billion per year, depending on efficiency and location, and terrestrial construction costs are likely to rise over time.

Over the past three years, SpaceX spent roughly $10 billion on connectivity CapEx while launching approximately 8,000 Starlink satellites, suggesting this cost envelope for AI satellites is plausible, particularly because AI satellites should be simpler to manufacture: they replace complex phased-array connectivity hardware with solar panels and radiators. Moreover, as Starship reusability improves and AI satellite manufacturing scales, orbital data centers should become increasingly cost efficient. Reusability is critical not only to launch costs but also to annual deployment capacity, because it enables far higher launch cadence.

At the same time, terrestrial data centers are likely to become more complex and expensive as they scale. For every 100GW added to a future constellation (SpaceX's annual target) charging just $10 billion per gigawatt, below current market rates, would generate $1 trillion of incremental revenue, again with very high incremental margins.

Despite these advantages, we do not believe hosting is part of the endgame of SpaceX's AI ambitions. Elon's objective is clearly to extend much deeper into the AI stack – the model layer through Grok as a frontier model and consumer service, and the application layer through Cursor, beginning with agentic coding, and MacroHard for enterprise AI. We view terrestrial hosting as a bridge: it can lower the effective cost of building higher layers of the AI stack while helping seed the orbital data center business. If successful, orbital data centers could become the lowest-cost source of AI inference and the only viable way to build AI at truly massive scale. That, in turn, could create a new AI platform for SpaceX, analogous to the launch platform it has already built, benefiting both its vertically integrated businesses in models and applications by providing the cheapest tokens at unmatched scale, and the broader ecosystem through lower cost, far more scalable AI hosting. 4 FOR FINANCIAL PROFESSIONAL USE ONLY. NOT FOR USE WITH THE PUBLIC.NON-U.S./GLOBAL Baron Global Opportunity Strategy In case all of this was not exciting enough... additional longer- term opportunities include TeraFab for semiconductor manufacturing, point-to-point transportation and logistics, in- space manufacturing, space mining, the lunar economy, Mars, and more. We are NOT assigning any value to these opportunities and are simply pointing out that the positive optionality imbedded in SpaceX is unlike anything we have seen before in our investment careers. This is what we mean when we say that SpaceX is N=1! We continue to encourage investors to evaluate the Strategy's performance over a long-term horizon.

Space Exploration Technologies Corp. develops and launches advanced rockets, satellites, and spacecraft, with the long-term goal of making humanity multi-planetary. Shares rose as the company successfully completed the largest initial public offering in history, raising more than $85 billion. The proceeds are expected to accelerate growth across massive addressable markets, such as connectivity, launch, terrestrial and space infrastructure, and AI. Fundamental momentum was further reinforced by landmark compute hosting deals totaling tens of billions of dollars annually, including agreements with market leaders Anthropic and Google. SpaceX also announced its acquisition of Cursor, a premier enterprise AI-powered coding platform. Integrating Cursor's technology, talent, and customer base provides another strategic stepping stone into the vast opportunities within AI applications and agentic systems. Lastly, the company conducted a successful test flight of the latest version of Starship, demonstrating meaningful advancements in rapid and full reusability. We believe these developments support sustained long-term revenue and profit growth well beyond current levels.

Access our full research database on Space Exploration Technologies Corp.

Sumitomo Electric Industries Ltd ($5802 JP)

Fund: Artisan Partners Global Equity Strategy

Thesis: Sumitomo Electric Industries Ltd benefits from constrained infrastructure supply, grid and subsea cable demand, and rising electrification.

Source: Read the original letter ↗

Analysis:

Sticking with electrification, we added Sumitomo Electric Industries, a Japan-based manufacturer of electric wires, cables and related equipment. The company provides portfolio exposure to several areas of constrained infrastructure supply, including high-voltage power cables, optical fiber and connectivity products for data centers and electrical components tied to rising vehicle electrification. High-voltage cable capacity has become increasingly valuable as utilities and renewable energy developers compete for long-dated supply, and the company's role in grid and subsea cable projects should benefit from rising investment in transmission infrastructure.

Access our full research database on Sumitomo Electric Industries Ltd

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TechnologyOne ($TNE AU)

Fund: LHC Capital High Conviction Fund

Thesis: TechnologyOne keeps posting record recurring revenue, with AI and SaaS+ deepening customer integration and supporting margin expansion.

Source: Read the original letter ↗

Analysis:

TechnologyOne (ASX:TNE) During the quarter, TechnologyOne reported record first-half profit, total revenue and annual recurring revenue (ARR) for the 17th consecutive year. The result was supported by continued adoption of SaaS+, the launch of new AI products and zero customer churn. Shares increased by 10.1% over the period. ARR increased by 17% to $598 million, while total revenue grew by 11% and profit before tax increased by 9%.

The comparatively modest increase in reported profit reflected deliberate investment in the company's large customer Showcase event, continued development of SaaS+ and adverse currency movements. Adjusting for these factors, the underlying business continued to demonstrate strong operating leverage, with management reaffirming its expectation for full-year profit growth of 18–20% and a further expansion in profit margins. The result also provided encouraging early evidence that AI is likely to strengthen, rather than cannibalise, TechnologyOne's competitive position. Its new AI product, Plus, sits above the company's enterprise software and allows customers to interact with data across finance, payroll, human resources, asset management and other operational systems.

Importantly, the usefulness of Plus increases as customers adopt more TechnologyOne products and consolidate more of their organisational data within the platform. This dynamic is already influencing customer behaviour. Management indicated that most early Plus transactions have included the purchase of additional TechnologyOne modules or the replacement of third-party systems. One university customer purchased the company's entire education software suite under a ten-year agreement to provide Plus with access to a broader and more complete set of enterprise data. Rather than replacing the company's core software, AI is therefore helping TechnologyOne sell more products, deepen its integration with customers and extend the duration of those relationships. TechnologyOne is also charging customers for AI consumption, creating a new source of recurring revenue above its existing subscription fees. Early customer usage has reportedly been materially greater than the company initially anticipated, reflecting the substantial productivity benefits available from automating repetitive administrative tasks. While the products remain at an early stage, the initial response supports management's view that AI can increase average revenue per customer while further improving retention and product adoption.

Management remained confident in the company's outlook, supported by record first-half additions to ARR, a strong pipeline across Australia and the United Kingdom, and low penetration of its core vertical markets. TechnologyOne now has several complementary growth drivers: new customer wins, increased product adoption by existing customers, SaaS+, international expansion and emerging AI consumption revenue. Together, these reinforce our view that the company remains well positioned to sustain attractive recurring-revenue growth while expanding margins over time.

Access our full research database on TechnologyOne

Tencent Holdings ($700 HK)

Fund: Vision Capital Fund

Thesis: Tencent Holdings is a dominant Chinese internet platform with a deeply entrenched super-app ecosystem, multiple network effects, and long-term compounding potential.

Source: Read the original letter ↗

Analysis:

Tencent Holdings (HK: 700) is China's most dominant and embedded internet company, woven into the daily lives of over a billion people across messaging, gaming, payments, video, music, and commerce. It understands Chinese consumers deeply and has a highly competent management team focused on relentless innovation. Weixin/WeChat, its unrivaled super-app with 1.4bn monthly users, commands roughly 76% of social app time. Tencent's ecosystem takes about 55% of all mobile time in China, with Weixin alone at 35%. It is a super-app no company has replicated. WhatsApp, PayPal, Instagram, Uber, Amazon, and your bank in one app you never leave. Tencent is also the world's largest games company by revenue, owning evergreen titles like Honor of Kings alongside Riot, Epic, and Supercell. Its moat is not a single advantage but many that reinforce one another. Network effects, high switching costs, massive scale, a traffic dividend for every new venture, and cornered resources in gaming IP, proprietary data, and licenses. Rivals compete with pieces of Tencent. None competes with the whole.

Tencent was seen as slow in generative AI. That was timing, not weakness. It has now reached for its historical playbook, copy fast, innovate faster, disrupt the incumbent, and it is running the same move into the agentic era. Tencent chooses an open ecosystem and prioritizes user experience over exclusivity, a pragmatic aggregator rather than a walled developer. Its breadth across mobile, PC, and cloud lets it deploy agents that work across devices and apps far better than any centralized rival. Weixin could well be China's largest consumer AI opportunity. Tencent has compounded through every regulatory cycle, macro downturn, and competitive assault of the past two decades, and its business today is stronger, wider, and more profitable than ever.

With 10/12/14% revenue growth over five years, 30/32.5/35% FCF margins, 15/20/25x EV/FCF, and a 20% haircut on its investment portfolio, we see a 15-32% CAGR, with a 24% midpoint.

Tencent is not an AI loser. Higher AI capex will weigh on near-term profit, yet it already shows up in stronger unit economics, and Tencent could increasingly be AI-priced. A founder, Pony Ma, who owns 8.8%, still shows up after 28 years to keep Tencent's moat compounding. That is why we own Tencent.

Access our full research database on Tencent Holdings

The Charles Schwab Corporation ($SCHW US)

Fund: Baron First Principles ETF

Thesis: The Charles Schwab Corporation is described as a top holding with significant competitive advantages and large market opportunities.

Source: Read the original letter ↗

Analysis:

Portfolio Holdings As of June 30, 2026, the Fund's top 10 holdings represented 72.7% of net assets. We have a long history of investing in many of these businesses across the Firm and believe they continue to offer significant appreciation potential, although we cannot guarantee that will be the case. The top five positions in the portfolio, Space Exploration Technologies Corp., Tesla, Inc., MSCI Inc., Hyatt Hotels Corporation, and The Charles Schwab Corporation, all have, in our view, significant competitive advantages due to strong brand awareness, technologically superior industry expertise, or exclusive data that is integral to their operations. We think these businesses cannot be easily duplicated and have large market opportunities to penetrate further, which enhances their potential for superior earnings growth and shareholder returns.

Access our full research database on The Charles Schwab Corporation

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The Magnum Ice Cream Company N.V.

Fund: Aristotle International Equity ADR WM

Thesis: The Magnum Ice Cream Company is a global ice cream leader with premium brands, a hard-to-replicate cold-chain network, and attractive valuation.

Source: Read the original letter ↗

Analysis:

Headquartered in Amsterdam, the Netherlands, Magnum Ice Cream is the world's largest dedicated ice cream manufacturer. The company was formed following its separation from Unilever in 2025 and owns a portfolio of leading global, regional, and local brands, including Magnum, Ben & Jerry's, Cornetto, Wall's, Breyers, Klondike, Popsicle, Talenti, and Yasso. Collectively, these brands generate more than €8 billion in annual revenue, are sold across roughly 80 countries, and span a wide range of price points, formats, and consumption occasions. Magnum sells products through both at-home and away-from-home channels. The at-home business includes pints, tubs, and multipacks sold through grocery, club, and other retail stores, while the away-from-home business consists primarily of single-serve products sold through a global network of approximately three million freezer cabinets. Supporting this distribution model is one of the most extensive cold-chain networks in the consumer staples industry, including more than 30 manufacturing facilities, 200 warehouses, and over 2,000 distributors. Following its separation from Unilever, Magnum is now focused exclusively on frozen desserts, allowing management to optimize sales, marketing, innovation, and supply chain decisions around the unique dynamics of the ice cream category. High-Quality Business

Some of the quality characteristics we have identified for Magnum include:

The global market leader in ice cream, with approximately 21% market share and ownership of four of the five largest ice cream brands worldwide;

A portfolio of iconic brands that benefit from strong consumer recognition, pricing power and customer loyalty;

A premium-oriented portfolio, with approximately 80% of revenue generated from premium products and pricing that is roughly 2.5x higher per kilogram than private label competitors;

A difficult-to-replicate global cold-chain distribution network, including three million freezer cabinets that improve product availability and support impulse purchases in the away-from-home channel; and

Strong returns on invested capital, supported by leading market positions, premium products, and significant scale advantages across procurement, manufacturing, and distribution.

Attractive Valuation

Historically, the ice cream business operated within Unilever's broader portfolio, where it lacked a dedicated sales force and was supported by a supply chain optimized for a diverse mix of consumer products rather than the unique requirements of frozen desserts. This contributed to lower factory utilization, underinvestment in certain markets, and suboptimal retailer negotiations. In addition, one-time separation costs and transitional service agreements have weighed on current profitability following the company's separation from Unilever.

At approximately 11x our estimate of normalized earnings, we believe shares do not fully reflect Magnum's leading global market position, premium brand portfolio, and ability to generate attractive returns on invested capital.

Catalysts we have identified for Magnum, which we believe will cause its stock price to appreciate over our three- to five-year investment horizon, include:

Expansion of its global freezer cabinet fleet, improving product availability, and supporting market share gains in the attractive away-from-home channel;

Continued premiumization of its portfolio through innovation, new product formats, and increased penetration of higher-value brands such as Magnum, Ben & Jerry's, and Yasso;

Expansion into new formats, including Yasso handhelds, Ben & Jerry's handhelds, and Magnum BonBons, which should increase consumption occasions and support mix improvement;

Supply chain optimization initiatives, including a transition toward more localized manufacturing and distribution, which should improve operating margins and capacity utilization;

Increased focus and investment following its separation from Unilever, including a dedicated sales force, category-specific retailer negotiations, and a commercial strategy designed specifically for frozen desserts; and

Market share recovery opportunities in key geographies, including India, where Magnum acquired a majority stake in Kwality Wall's. The business had previously lost meaningful share due to poor management, insufficient manufacturing and distribution investment, pricing missteps, and the removal of dairy from certain products.

Access our full research database on The Magnum Ice Cream Company N.V.

Theon International ($THEON NA)

Fund: Amati Global Innovation Fund

Thesis: Theon International makes augmented vision technologies for defence and is positioned to benefit from rising European defence spending and underappreciated strategic changes.

Source: Read the original letter ↗

Analysis:

Chronologically, the first addition was Theon International, a Dutch-listed (but Greek- domiciled) defence technology company and a leading provider of augmented vision technologies. The company is at the sweet spot of a number of focus areas in defence spending, including Battlefield Communications, Modern Soldier Programme and drones. They are also a clear beneficiary of Europe's decision to expand its domestic defence industry over the coming decade. We have followed the company for some time, but a recent meeting at the Eurosatory defence show in Paris brought the opportunity to life, as we came to appreciate a number of strategic changes that the market appears to be underestimating.

Access our full research database on Theon International

U-Haul Holding Co. ($UHAL/B US)

Fund: Hotchkis & Wiley Focused Global Value Strategy

Thesis: U-Haul Holding Co. is the dominant DIY moving and self-storage franchise with durable network advantages, long-term growth optionality, and an undervalued valuation.

Source: Read the original letter ↗

Analysis:

U-Haul Holding Co. (UHAL/B) is the dominant DIY moving and self-storage company in North America, operating nearly 22,000 rental locations and a large independent dealer network. The company generates the majority of its profits from complex, hard- to-replicate one-way truck rentals and a growing self-storage business. UHAL's extensive network and sophisticated pricing model provide a durable competitive differentiator in the one-way rental market, allowing it to historically earn sustainably higher returns than competitors. Additionally, its self-storage segment offers long-term growth potential with improving occupancy and below-market rates, while its real estate assets add optionality at a low valuation multiple. The stock rose as the market began to look through elevated COVID-era fleet depreciation to normalizing earnings, declining capex, and a pivot toward shareholder returns. This is consistent with our view that the dominant DIY moving franchise remains undervalued.

[Access our full research database on U-Haul Holding Co.]

Ventas, Inc. ($VTR US)

Fund: Guinness Global Real Assets Fund

Thesis: Ventas benefits from the same senior-housing tailwinds as Welltower, with strong NOI growth, attractive acquisitions, and operating leverage from ownership.

Source: [Read the original letter ↗]

Analysis:

Beyond some of the more infrastructure-focused themes within the portfolio, such as data centres and the energy transition, the case for several sectors across the real estate market continues to grow. One area is the US senior housing market, which encompasses a wide spectrum of real estate categories catering to later life. After several years of post-pandemic recovery, the US senior-housing sector has now reached an important inflection point. Occupancy across the sector has been rising and over Q1 rose above 90%, the highest level since 2017. The fundamental demand backdrop is very supportive. The US has a growing cohort of over-80s as the baby-boomer generation starts to retire. At the same time, the supply of new stock in the senior housing sector has become increasingly constrained. Units under construction have fallen to c.2% of existing stock, the lowest level since 2012, as the post-pandemic development gap, higher financing costs and the challenges of permitting and building new communities have limited the ability of the sector to accelerate supply. This supply and demand dynamic is highly favourable for existing landlords and increases the importance of driving value from operational performance, not just receiving lease payments. Many senior housing real estate businesses are increasingly involved in the operations of the assets they own, which is an important driver of returns above and beyond rental growth.

Within this improving environment, the Fund holds two of the sector's strongest operators, Welltower and Ventas. Both companies raised full-year guidance following their second-quarter results in 2026. Welltower now expects same-store senior-housing Net Operating Income ("NOI") growth of around 19% in 2026. Ventas is guiding to 15-17% NOI growth and has increased its acquisition budget for the year to USD3bn.

In the world of real estate, these growth numbers are market- leading. The attraction of both businesses is that they retain the upside from improving occupancy and pricing. By owning and operating their communities, rather than purely leasing them, the benefit of stronger operating conditions accrues directly to them as the asset owner. Both companies are also able to supplement this internal growth through acquisitions at attractive yields, while many private-market buyers remain constrained by a higher cost of capital. The market has been rewarding this operating performance and secular growth opportunity, with strong share price performance across senior-housing exposed healthcare REITs this year.

Continued strong operating performance and accretive acquisitions will be key for continued strong returns in this part of the real estate market, and we continue to monitor closely both valuations of our companies and the evolving supply-side dynamics. Many ‘hot’ sectors have ultimately gone cold as capital rushes in and ends up over-supplying the market. We do not observe these conditions currently, but we remain vigilant.

Access our full research database on Ventas, Inc.

Viking Holdings ($VIK US)

Fund: Brown Advisory Mid-Cap Growth Strategy

Thesis: Viking Holdings is a luxury cruise operator with strong repeat demand, superior unit economics, and a long runway for profitable growth.

Source: Read the original letter ↗

Analysis:

Viking Holdings (VIK) is one of the only pure-play public luxury cruise operators. The company built its model around a single brand, nearly identical small ships, direct marketing, and a loyal base of affluent travelers aged 55 and over—an approach that produces strong repeat rates, unusual demand visibility (Viking Holdings is already taking bookings for 2027 and 2028), and unit economics superior to the mainstream cruise lines. Its scaled River business acts as a customer-acquisition engine for the faster-growing Ocean segment, where Viking Holdings fields the youngest fleet in luxury cruising and holds a multi-year newbuild pipeline. We believe capacity growth and steady yield gains can compound revenue at a low-double-digit to mid-teens rate for years, with operating leverage driving even faster earnings growth. We used the volatility surrounding Middle East tensions and fuel-cost fears to establish our position.

Access our full research database on Viking Holdings

Volati ($VOLO SS)

Fund: REQ

Thesis: Volati appears undervalued after the Salix spin-off, with Ettiketto as a high-quality compounder and Salix offering resilient, acquisitive growth.

Source: Read the original letter ↗

Analysis:

Since 2003, Volati has compounded shareholder capital by building industrial businesses without issuing common equity. Following the spin-off of Salix, we believe the market now substantially undervalues what remains. We have been adding to the position throughout the first six months. Prior to the Salix spin-off, Volati generated SEK 7bn in revenue. Following the separation, the remaining group generates SEK 4.3bn of revenue and SEK 303m of EBITA across five industrial platforms, of which Ettiketto accounts for roughly 75% of earnings. Salix Group generates sales of SEK 4.150m and EBITA of SEK 419m.

In late 2025, Volati announced a 1:1 spin-off of Salix Group, which began trading as a separately listed company on June 15th. At the time of separation, the Volati share was trading at SEK 89 – post spin-off per end-June 2026, Salix Group traded at SEK 64 and Volati at SEK 24.5. The market has assigned a higher price to Salix Group, which we find understandable given its resilience, currently stronger cash flow, and growth profile. We believe our investment thesis rests on four pillars. i) Ettiketto alone could ultimately be worth as much as Volati's current market capitalization. ii) Normalized earnings power in its other platforms is materially higher than current earnings imply. iii) Salix Group has demonstrated remarkable resilience through one of the most challenging construction markets in decades and now appears positioned to benefit from a cyclical recovery. iv) We find that the valuation creates a compelling risk-reward profile.

i) We believe Ettiketto today possesses many of the characteristics we typically associate with the highest-quality acquisition compounders: fragmented markets, recurring demand, strong returns on capital and a proven ability to integrate acquisitions successfully. Ettiketto, with revenue of SEK 1.3bn (proforma SEK 1.6bn) and EBITA-margin of 17%, has gone from a Nordic to a European full-service supplier of self-adhesive labels and labeling machines, and a very strong acquisition platform. The company benefits from low customer concentration, recurring demand, and a highly fragmented market that provides ample acquisition opportunities. It has demonstrated a successful integration playbook, improving operational performance through optimized production planning and digitalization initiatives, alongside significant cost efficiencies. For example, the legacy Swedish business, acquired in 2012, increased its margins from the low teens to above 20%, placing it as the best-performing company in the industry. We expect margins to expand further towards the margin target of 20% as the recently acquired Clever Etiketten and Interket are integrated and brought closer to group profitability levels over the next 12–24 months.

ii) Since 2023, Volati has experienced unusually weak earnings, as reflected in the share price. Volati's businesses continue to earn attractive returns on capital despite temporarily depressed volumes. We see no evidence of deteriorating competitive positions or customer losses. Instead, earnings reflect cyclical weakness in agriculture and construction markets together with unusually weak demand following several years of flooding-related equipment purchases. Meanwhile, Ettiketto has increased EBITA by 43% since 2023, cushioning the decline in group earnings.

iii) With revenue of SEK 4,150m and EBITA of SEK 419m, Salix Group supplies consumables and niche products to customers across construction, industry, agriculture, forestry, and building materials retail. Around 70% of sales come from its own products. Since being acquired by Volati in 2015, Salix has maintained an active M&A agenda, particularly accelerated from 2019, having completed 14 acquisitions since. In 2025 it acquired Laydex in Ireland, its first expansion outside the Nordic region. We find it impressive that despite one of the toughest market environments in decades, with volume declining 30%, Salix maintained attractive margins and returns on capital. Simultaneously, it continued to deploy capital into acquisitions at reasonable prices. Incremental operational improvements combined with a steady stream of acquisitions have produced attractive results. With strong organic performance in recent quarters, improved operations and strong cost control, and strong local entrepreneurship, we expect Salix to remain an active acquirer in a large and fragmented market. Despite a difficult market backdrop, returns on capital employed remain satisfactory at 18% (36% excluding goodwill). These figures suggest that growth has not come at the expense of returns, a combination we value highly.

iv) Even under reasonably conservative assumptions for Ettiketto's growth, the integration of Clever and Interket, and the earnings recovery across the remaining platforms, we find the current valuation attractive. On trailing figures, Volati (post spin-off of Salix Group) trades at EV/EBITA 15.5x, while Salix Group trades at around 14.0x proforma. Based on our assessment of Volati's earning power over the next several years, we believe both shares trade at a meaningful discount to intrinsic value. Even without earnings improving in Volati's four industrial platforms, we believe Ettiketto can drive earnings growth. Preferably, we believe Volati should allocate most of its capital to Ettiketto, until other platforms can improve earnings and prove they deserve to allocate capital into their businesses. The market appears i) overly focused on today's earnings and cash flow, paying disproportionate attention to the company's leverage (2.9x net debt/EBITDA in addition to the preference shares), and ii) to value Volati as a cyclical industrial company, while we increasingly view Ettiketto as a high-quality compounder embedded inside one.

[Access our full research database on Volati]

Welltower Inc. ($WELL US)

Fund: Baron Opportunity Fund

Thesis: Welltower Inc. benefits from senior housing demographic tailwinds, software-enabled margin expansion, and disciplined capital allocation.

Source: [Read the original letter ↗]

Analysis:

During the quarter, we added to our position in Welltower Inc. , which owns and operates senior housing communities in the U.S. and internationally. While Welltower screens as a real estate business, we view it as the intersection of hardware, real estate, and software—its proprietary operating platform and data analytics capabilities.

Rolling out this software layer creates meaningful structural upside to both operating margins and occupancy through enhanced asset management, proprietary analytics, and new initiatives such as amenity-based pricing. We recently hosted the entire Welltower executive team in our offices and came away more encouraged by the multi-dimensional growth opportunity ahead—particularly the early monetization of its proprietary data analytics platform and the continued rollout of the Welltower Business System.

The company has deliberately recruited senior talent from both technology and real estate to drive this transformation, and we believe CEO Shankh Mitra and his management team are disciplined capital allocators focused on driving accretive value per share. The broader industry backdrop is among the most favorable in years: demand is supported by powerful demographic tailwinds, with the 80-plus population growing at a 4% to 5% compound annual rate over the next five years, well above the 2% rate that followed the global financial crisis, while supply remains structurally constrained by declining construction starts, unattractive developer economics, and a five-plus year entitlement and build timeline. The constrained financing environment for senior housing should continue to generate an active external growth pipeline at an attractive basis. Putting it all together, we see a path for earnings to more than double over the next five years, creating attractive long-term return prospects for the Fund.

Access our full research database on Welltower Inc.

Western Digital Corporation ($WDC US)

Fund: Alger.com Focus Equity Fund

Thesis: Western Digital benefits from consolidated HDD supply, cloud-driven demand, and disciplined industry capital allocation that supports profitability.

Source: Read the original letter ↗

Analysis:

Western Digital is a hard disk drive (HDD) storage company benefiting from rising hyperscaler data-center investment and the continued proliferation of data. The HDD industry is highly consolidated, with only two scaled manufacturers, and Western Digital holds a leading market position. The business has structurally shifted toward cloud customers as consumer exposure has declined, with cloud representing the majority of Western Digital's revenue. Importantly, industry participants have emphasized capital discipline—prioritizing higher areal density (i.e., more terabytes per drive) rather than adding significant unit capacity—which supports a healthier supply/demand balance and improved profitability. Shares contributed positively to performance after the company delivered strong fiscal third- quarter results. Revenue and earnings exceeded analyst expectations, driven by robust storage demand across cloud and enterprise markets and an improved pricing environment that lifted margins above the company's prior guidance.