



Aion Investment 2025

	2025	2024	2023	Total	Annual
AION INVESTMENT	10.75%	68.3%	45.8%	171.8%	39.5%
Target Return	15.00%	15.0%	15.0%	52.1%	15.0%
Global Equity Index	6.8%	24.3%	15.9%	53.3%	15.3%

In 2025, financial markets experienced a year of extremes. The global economy grew 3.2%, defying the most pessimistic forecasts that emerged after the United States announced massive tariffs on April 2nd, the so-called "Liberation Day," which pushed tariff levels to heights not seen since the 1930s and triggered a historic market sell-off. The subsequent moderation of these measures fueled an equally violent recovery. The S&P 500 ended the year up roughly 18% in dollar terms, though measured in euros that figure drops to approximately 5% due to the euro's appreciation of over 13% against the dollar. The MSCI World, our benchmark index, finished the year with a 6.8% return in euros. Gold, meanwhile, was the standout performer of the year, rising 65% and reflecting better than any other asset the level of uncertainty and distrust that defined the period.

Within our portfolio, the three main drivers of performance were TerraVest (+47% in Canadian dollars, contributing 13.2 points), AST SpaceMobile (+253% in US dollars, contributing 11.5 points), and Mader (+27% in Australian dollars, contributing 4.8 points). Together, the three accounted for nearly 30 points of positive contribution.

On the other side, Atlas Engineered Products was the largest detractor, falling 42% in Canadian dollars and costing 5.3 points before we sold the position in August. Auto Partner declined 20% in zlotys since its addition in May, subtracting 3.4 points, and Clarus dropped 14% in US dollars before we exited the position in September, costing 2 points. On top of these individual detractors, currency effects subtracted an additional 8.4 points from the year's result.

One reflection we want to share this year concerns a concept that is not always easy to see but has an enormous impact on long-term results: opportunity cost. Every euro we keep invested in one company is a euro not working in another. This sounds obvious, but in practice it is one of the hardest decisions to manage as an investor, and probably one of the things that most separates good results from excellent ones.

It is natural to develop attachment to a position where we have invested significant analytical time, one we have grown familiar with and where we feel we understand the business well. That accumulated knowledge has real value and should not be discarded lightly. But it can also become a bias that prevents us from acting when the facts no longer support the original thesis. In investing, the danger does not always come from what we buy poorly, but from what we hold for too long. A euro invested in a company compounding at 5% per year when it could be in another growing at 15% does not show up as a loss on the account statement, but over five or ten years the difference is enormous. It is a silent loss, one that appears in no report but erodes results cumulatively.

The question we must ask ourselves periodically is not just whether a company is good, but whether it is the best use of our capital right now. If tomorrow we held the entire portfolio in

cash and were starting from scratch, would we buy every position we own today, at its current price, with the information available? It is an uncomfortable exercise because it forces us to separate what we know from what we feel, and to be honest with ourselves about whether we are holding a position out of genuine conviction or simply out of inertia.

This exercise is precisely what led us to exit Atlas and Clarus during 2025. In both cases, as we will explain later, it was not that the companies were bad in absolute terms. It was that the capital invested in them could be better deployed in other opportunities where we have greater visibility on value creation. Holding a position to avoid recognizing a loss, because of the time spent analyzing it, or in the hope that things will eventually improve is not patience, it is a lack of discipline. And if we have learned anything in nearly three years of managing this portfolio, it is that true patience means holding firm when the fundamentals are intact and the market simply has not caught up yet. When the fundamentals deteriorate or execution loses direction, the responsible thing to do is act. Selling at a loss is never pleasant, but clinging to a position where the thesis has weakened just to avoid crystallizing that loss is, in our view, the greater mistake.

Going forward, we want to be more rigorous in this exercise. Reviewing each position periodically not only on its own merits, but actively comparing it against the best ideas we have outside the portfolio. This is not about turnover for the sake of turnover, but about having the intellectual honesty to recognize when an idea is no longer the best option and the discipline to act accordingly. Ultimately, our commitment is not to any particular position but to the goal of generating the best possible return on our capital over the long term. This level of scrutiny becomes even more important in an environment where the pace of change is accelerating. During 2025 we spent a great deal of time thinking about how artificial intelligence is transforming the economy, business models, and our own work as investors. We believe it is worth sharing some of those reflections.

AI has the potential to reshape the competitive balance of many industries rapidly, strengthening some companies and eroding the advantages of others in timeframes that were previously unthinkable. The risk is especially relevant for businesses whose value rests primarily on complex software development or purely digital assets: what once required years of development and teams of hundreds of engineers can now be rebuilt in a fraction of the time and cost, making any competitive advantage based solely on the accumulation of features or the complexity of the codebase increasingly fragile. All of this reinforces something that already guided how we build our portfolio: the most durable competitive advantages are not found in what took a long time to build, but in what is structurally difficult to replicate. High switching costs for customers, real economies of scale in production or distribution, scarce assets, deep commercial relationships, and above all, management teams with the culture to adapt when the environment changes.

On the opportunity side, AI is also transforming our own analytical capabilities. Today we can research companies in any geography, process financial reports in any language, conference call transcripts, and industry databases with a depth and speed that were unthinkable for an individual investor just two years ago. This does not replace judgment, experience, or deep knowledge of each business, but it dramatically expands the reach of our research. It is therefore reasonable to expect that over the coming year we may add more names to the portfolio without sacrificing the quality of analysis and monitoring of each position — something that was previously impossible given our resources. This is not about diversifying for the sake of it, but about the fact that we now have the ability to cover a broader universe of opportunities while maintaining the same level of rigor in every investment.

Current Portfolio:

Company Name	Weight
TerraVest Industries	26.80%
Mader Group	19.70%
FitLife Brands	14.10%
Auto Partner	14.10%
Ast Spacemobile	13.00%
Sagicor Financial	12.13%

We sold Atlas Engineered Products during the second half of 2025, after nearly two and a half years as shareholders. We still think Atlas is an interesting company. It operates in a market with chronic housing shortages in Canada that show no signs of easing anytime soon, its founder Hadi Abassi has his own capital on the line alongside shareholders, and he has proven he knows how to consolidate a fragmented industry by acquiring at good prices.

The problem was the robotics project, which for us was one of the key pillars of the thesis. When it was announced in June 2024, the plan was to install robotic equipment in three plants over two years, with an expected impact of doubling truss production. The company said it would publish specific metrics in the third quarter of 2024, but that information never came with the level of detail we expected. By year-end, a \$1.5 million impairment was recognized on a cancelled deposit to an equipment supplier. And as of November 2025, the automation equipment had still not arrived: commissioning had been pushed back to the third quarter of 2026 at the earliest, and only for one plant in Ontario. For the automation to deliver the impact the company projected, it needs to be rolled out across all three plants, and that process still has no timeline.

As we said earlier, we have no problem waiting. What we need is the ability to track concrete milestones, and at Atlas those milestones kept shifting without allowing us to build a scenario with sufficient confidence. We concluded that our capital could work harder elsewhere, in ideas where visibility was greater. We will continue to follow the company from the outside, and we would not rule out returning if at some point we gain more clarity on timelines, actual costs, and the operational impact of the robotics program.

We also sold Clarus in September 2025, after a year and a half as shareholders. The original thesis was straightforward: a company with recognized outdoor brands (Black Diamond, the Adventure segment), in the midst of simplifying its business after divesting the ammunition division, trading at a price that discounted the worst. A clean balance sheet, no debt. Any operational improvement would translate into meaningful upside. Or so we thought.

What happened was different. The simplification did not translate into better numbers. We are talking about a company with \$260 million in revenue that barely generates operating

income. Quarter after quarter we waited for the inflection point, and it never came. What we gradually observed went beyond a bad quarter or one-off circumstances: a company with no real pricing power in its markets and few levers to protect margins when conditions get tough.

There is an important distinction between the two exits. With Atlas, we still believe the underlying thesis is valid. The market is good, the team is aligned, and the robotics plan makes sense. What we lacked was visibility on timing, which is why we left the door open. With Clarus it was different. After a year and a half, our reading of the business had changed. What we initially interpreted as a temporary execution issue turned out, over time, to be something more fundamental: the company operates in cyclical segments where brands, however well-known, are not enough to protect margins. When costs rise, it cannot pass them through. When demand falls, it has nothing to offset the impact. It is a business whose profitability depends too heavily on factors the company itself does not control, and that is not something we are comfortable with as shareholders.

Acknowledging that our initial assessment of a business was wrong is never comfortable, but it is part of the job. Not every thesis works, nor should it. What matters is not the hit rate, but the ability to act honestly when the facts contradict the original thesis. Holding those positions would have meant continuing to allocate capital and attention to companies where visibility had deteriorated, rather than redirecting those resources toward ideas where the fundamentals support our conviction.

In contrast, the companies where our conviction is highest continue to execute well: TerraVest grew earnings by 34% and continues to acquire businesses at good prices, FitLife completed the largest acquisition in its history replicating the same playbook that has worked before, Mader delivered record results and reignited growth in North America after several stalled quarters, AST SpaceMobile launched its first next-generation satellite and signed commercial agreements with Verizon, stc, and Vodafone that are beginning to lend credibility to its model, and Auto Partner, after a year of margin and revenue normalization following an exceptional 2023, continues to expand its distribution network and is preparing the opening of its new warehouse in Zgorzelec, on the German border, which will open the door to Central Europe. Looking ahead, what interests us is how these companies evolve over the coming quarters. TerraVest and FitLife have the task of integrating what they have acquired, Mader needs to show us where it wants to grow next, AST SpaceMobile needs its launch cadence to start turning potential into something tangible, and Auto Partner has to demonstrate that its international expansion delivers the returns we expect. There is no rush, but there are concrete things to watch.

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