



Aion Investment First Half 2025

| | 1st H 2025 | 2024 | 2023 | Total | Annual |
|------------------------|--------------|--------------|--------------|---------------|--------------|
| AION INVESTMENT | 5.20% | 68.3% | 45.8% | 158.5% | 46.2% |
| Target Return | 7.10% | 15.0% | 15.0% | 41.6% | 14.9% |
| Global Equity Index | -4.1% | 24.3% | 15.9% | 38.1% | 17.5% |

During the **first half of 2025**, financial markets experienced notable volatility, driven mainly by **uncertainty surrounding U.S. economic policy and potential trade tensions**. In this context, global equities posted negative performance: the **MSCI World declined by 4.1%**, while the **S&P 500 fell by approximately 8.1%**, despite having reached **new all-time highs in U.S. dollar terms**. This apparent contradiction is largely explained by the strong appreciation of the euro against the U.S. dollar, which reduced returns on U.S. assets for European investors. By contrast, **gold stood out as a safe haven**, advancing more than 10% and consolidating its position as one of the best-performing assets in a period marked by uncertainty over global trade.

At the portfolio level, during the first half of the year we achieved **a return of 5.2%**, below our long-term annual target of **15%**. A relevant portion of this result is explained by currency effects, with a **depreciation of the U.S. dollar (-13%)** and the **Canadian dollar (-7%)** against the euro. In previous years, this factor acted as a tailwind and contributed positively to returns; however, on this occasion it has worked in the opposite direction. Within our portfolio, **Terravest** and **AST SpaceMobile (ASTS)** stood out, having risen **51% in Canadian dollars** and **125% in U.S. dollars** since inception, consolidating their positions as the main drivers of the semester's performance. On the negative side, **Atlas Engineered Products** recorded the largest decline, falling **33% in Canadian dollars**.

In this report, I would like to highlight one of the core strengths of our strategy. Our advantage does not lie solely in the information we analyze or in the use of quantitative tools, but rather in **the perspective** from which we choose to observe and evaluate companies. For us, a stock is not simply a ticker symbol or a line on a chart, but a **real ownership stake in a living business**, with **customers** who can choose or leave, **employees** who can grow or be lost, **competitive advantages** that can strengthen or erode, strategic **decisions, culture**, risks, and assets.

When we **evaluate a stock**, we imagine that we are acquiring a stake in a local business run by an entrepreneur in our own city. Through that lens, the qualities we seek are **honesty, purpose, resilience, customer focus, financial and strategic discipline, and a long-term mindset**, as these would be exactly the same attributes we value in any publicly listed company, regardless of its size, visibility, or the market trend of the moment.

However, the market does not always operate under this logic. **Wall Street** tends to **focus on the next quarter, the next month, or even the next week**. In that environment,

attention is directed almost exclusively toward the **daily stock price**, while the **intrinsic value** of the business, **its assets, culture, competitive advantages**, and **long-term ability to generate value**, takes a back seat.

If you have read previous letters, you will know that I like to explain these ideas using simple examples, and this time is no exception. Imagine the following : if **the price of the house you live in were quoted on a screen every minute** of the day, would daily volatility change what it is truly worth? Probably not. You would still know which **neighborhood** it is in, how many **square meters** it has, what **services surround it**, the level of **demand** in the area, and at what **prices comparable** homes have recently sold.

If tomorrow your neighbor sells his house at a 20% discount simply because he needs immediate liquidity, that price does not redefine the value of your property. It would not be a loss of value, but rather a temporary fluctuation in price. And yet, the stock market is virtually the only market in the world where **discounts** trigger more **discounts**. A behavior that is deeply **counterintuitive from an economic** standpoint, but very common from a **human psychology perspective**:

Price decline → fear → selling → further decline → more fear

To take advantage of **market distortions**, it is essential to have a deep understanding of the businesses in which we invest. Only then can we **distinguish between** a temporary decline in price, which may represent a **genuine opportunity**, and a decline that reflects a **structural loss of value** in the company. Not everything that falls in the stock market is an opportunity. Each situation requires detailed analysis to understand what is changing in the **company's environment**, how its **operating model is evolving**, and what **impact** these changes have on its **long-term** ability to generate profits.

Current Portfolio:

| Company | W |
|---------------------------|-------|
| TerraVest Industries | 29.9% |
| Mader Group | 18.5% |
| Auto Partner | 14.5% |
| FitLife Brands | 12.2% |
| Ast SpaceMobile | 9.1% |
| Clarus | 8.4% |
| Atlas Engineered Products | 7.3% |

Ast Spacemobile (ASTS):

This time we will discuss **AST SpaceMobile**, a company that is quite different from those we typically hold in the portfolio. We normally look for businesses with **low execution risk** and expected returns above 15%, but in this case we are accepting significantly higher risk because we see exceptionally high potential. The investment thesis centers on **Abel Avellan**, founder, chairman, and CEO, whose career has been dedicated to reducing the global digital divide. He previously founded Emerging Markets Communications and now leads AST with the ambitious mission of enabling ordinary mobile phones to connect directly to low-Earth-orbit (LEO) satellites. Under his leadership, AST has **designed the “BlueBird” constellation to deliver cellular broadband from space.**

AST aims to build a **near-monopolistic infrastructure**, comparable to essential **utility networks on the ground** such as electricity or a city’s water and sewage systems. In practice, creating a second power grid or parallel pipeline network would be highly inefficient: two operators would have to invest twice the infrastructure to serve the same demand, raising costs and prices without creating real incremental value. Similarly, AST seeks to provide **direct-to-device** satellite connectivity for standard mobile phones, avoiding the duplication of antenna networks or extensive ground stations required by other satellite internet providers. This strategy positions the company as a **potential natural leader in its niche**, where scale and infrastructure control represent **substantial barriers to entry.**

AST’s technology model combines **phased-array antennas and internally developed ASIC chips**, enabling high-speed data transmission with strong spectral efficiency, even in **remote regions** without cellular coverage. Its next generation of Block 2 satellites is expected to enable global connectivity in partnership with operators such as **AT&T, Verizon, and Vodafone**, validating its direct-to-device model. As of July 2025, the company had nearly **USD 875 million** in cash and plans to deploy between **45 and 60** satellites during 2025–2026, maintaining an aggressive launch cadence aimed at rapidly scaling global coverage and cementing its position as a reference provider of direct-to-mobile satellite connectivity.

Our conviction in AST is further supported by its control structure. Unlike many founders of disruptive technology companies who quickly dilute or sell their stakes, **Abel Avellan owns approximately 24%** of the Class A shares and **retains more than 75% of the voting power** through Class C shares. This aligns his interests with those of shareholders: we do not expect him to meaningfully dilute his core ownership, but rather to continue **building the company with a long-term mindset.**

We estimate that if AST successfully executes its plan, the company’s value could increase significantly over the next **5–7 years**, potentially exceeding **10 times the current share price.**

This represents our **most probable** scenario, although it is just one among **hundreds of possible outcomes**, each with **significant variations**. In this scenario, if AST deploys around 100 mega satellites in low Earth orbit and serves approximately **300 million** smartphone users, reasonable fraction of the 5 billion devices in existence, at an average revenue of **5–10 USD** per user per month, annual revenues could range between **18 and 36 billion USD.**

Satellite infrastructure is primarily fixed-cost, so each additional user comes at a very low marginal cost, creating substantial operating leverage. At this scale, **EBITDA margins of 40–50 %** are consistent with monopolistic infrastructure networks, implying a potential **EBITDA of 7–18 billion USD**. Applying a conservative **10x EBITDA multiple**, in line with other telecom and infrastructure assets, yields an enterprise value of approximately **150 billion USD**, around **10 times** the current price.

Our initial position was acquired in January, when AST’s market capitalization was roughly **5 billion USD**, representing about **5 % of the portfolio**. Given the company’s nature and the high execution



risk, allocating a **larger portion**, as we typically do with other holdings, did **not make sense**. Nevertheless, this investment is attractive because it significantly **enhances the portfolio's return potential without proportionally increasing risk**. For this reason, even though the business model carries a considerable probability of failure, **we are comfortable including this type of opportunity within our overall strategy**.

Auto Partner (APR):

Another company we would like to discuss is **Auto Partner**, which we acquired during the first half of the year. It is the second-largest aftermarket automotive **parts distributor** in Poland. Founded in 1993 by **Aleksander Górecki**, who remains chairman, president, and a **46% shareholder**, the company literally started in an apartment. Through disciplined **organic growth**, it has evolved into a European player with approximately **€1 billion in sales**, over 115 branches in Poland, and a commercial presence in more than **30 European countries**.

Auto Partner operates in an essentially **defensive sector**, where demand is relatively insensitive to economic cycles. Historically, during slowdowns or even recessions, consumers tend to repair their vehicles rather than purchase new ones, giving the sector a valuable and relatively rare **counter-cyclical component within the retail-industrial universe**. While the European model differs from the U.S., benchmarks such as **AutoZone** or **O'Reilly** have demonstrated the ability to generate returns on capital above 20% per year for decades, validating that specialized parts distribution can be highly **profitable, resilient, and scalable**.

When a customer needs to **repair a vehicle**, the car is taken to a local workshop, where the mechanic schedules the work according to complexity and workload, **aiming to receive the parts as quickly as possible** to reduce downtime, enhance customer satisfaction, and improve vehicle turnover. **Auto Partner's** value proposition rests on three pillars: broad **parts availability** (with a catalog of over **200,000 SKUs** and more than 300 suppliers), **fast delivery**, and **competitive pricing**. This combination allows it to outperform smaller competitors, establishing itself as a **reliable, efficient partner** and a true **one-stop shop** for workshops.

Over the past year, the **stock price declined roughly 10%**, reflecting a **10% drop** in profits at the close of 2024 versus 2023, due to **margin compression** and **revenue growth moderating** from +25% in 2023 to +8% at the end of 2024. Additionally, a near **5% increase in parts prices has temporarily affected demand**. However, these factors do not indicate a structural deterioration of the business but rather a combination of operational normalization after extraordinary years and temporary effects that have skewed market perception.

In 2026, the company will open a **new facility in Zgorzelec**, on the border with Germany, aiming to expand distribution in **Central Europe**, a key market for future growth. This warehouse will primarily serve the **export segment**, which currently accounts for roughly half of revenues, while the domestic market is served by its branches with daily deliveries to workshops in Poland. Previously, export deliveries were made once daily from the central warehouse in Bieruń. The strategic location of Zgorzelec **reduces transport times by approximately four hours**, strengthening the value proposition for clients in **Germany**, the **Czech Republic**, and facilitating expansion into more **distant markets**.

Our investment thesis is based on business **expansion beyond the domestic market**. Logistics and operational **costs in Poland are more competitive** than in most European countries, especially in Central Europe, allowing Auto Partner to offer **more attractive parts pricing** than other markets. Our base-case scenario projects that company profits will **double by 2030**, with an average annual growth of roughly **+15%**, driven by **+10% growth in domestic revenue**, **+20% in exports**, and a gradual improvement in operating margin thanks to the increasing contribution of the international business.



Under these assumptions, we estimate a conservative **12x profits for 2030**, considering the quality of the business and the strength of the management team, implying a target valuation of between €1,000 and €1,100 million, equivalent to a potential revaluation of nearly 80% or an **estimated annual return of 16%** over the next four years.



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