Hoofddorp, the Netherlands, 3rd of February 2026

Dear Investor,

We are excited to report the ARAR Fund appreciated 11.7% since our last Investor's Letter, **outperforming all benchmarks we track, by between 5.3% (AEX) and 9% (MSCI World, Equal Weight, NASDAQ, and S&P 500) in just two months**. This is our second-best outperformance since the start of the fund. We feel blessed by the market gods and look forward to the coming months.

In this newsletter we will dive into what moved our stocks. We share our ideas about our newest investment: Auxly. Read on and find out what we mean by 'high' expectations. Lastly, we will give an update on our macro assessment and our take on the next FED chair and what it means for markets.

2025	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Full Year
ARAR Fund*	3.3%	-1.9%	-2.3%	-7.2%	10.7%	3.6%	2.6%	4.5%	2.4%	-0.8%	-0.7%	2.1%	16.3%
MSCI World ACWI ETF**	4.2%	-2.3%	-7.4%	-4.0%	6.1%	1.2%	4.3%	0.2%	2.8%	4.4%	-0.5%	0.4%	9.0%
MSCI Equal Weight EUR	3.9%	0.3%	-5.7%	-2.2%	4.4%	-0.4%	3.3%	0.6%	0.2%	2.1%	0.6%	1.1%	8.2%
AEX Total Return	4.9%	0.3%	-2.5%	-1.8%	5.8%	-1.0%	-1.1%	0.0%	5.1%	3.1%	-2.6%	0.8%	11.2%

2026	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Full Year
ARAR Fund*	9.3%												9.3%
MSCI World ACWI ETF**	1.5%												1.5%
MSCI Equal Weight EUR	1.2%												1.2%
AEX Total Return	5.3%												5.3%

PERFORMANCE IN DETAIL

The main stories inside our portfolio have been SK Hynix and gold miners, though Jackson Financial and Gravity also contributed significantly to these two months of exceptional performance.

<u>Goldminers</u>
As gold has gone up 17 percent, our miner section benefited and went up around 30% percent. Going into December 2025 this was already 21 percent of our portfolio: we have added each quarter this year, even as the gold price was up 50% from the point we started. The stocks themselves, meanwhile, keep publishing good numbers on production growth. Unfortunately for us, we do see selling pressure caused by holders not wanting to be overexposed, people taking profits, and others that are anchoring to historic gold prices and see the current gold price as too high.

I have always said that stock picking is only part of the investment decision. The arguably harder part is not selling stocks that go up a lot (and only add to declining positions when the fundamentals warrant it). It is incredibly hard to remain long a stock that triples, but we have had to make this choice for multiple positions in the last three years. In case of our miners, we have not seen the stocks appreciate *relative to their earnings potential*, so we kept all our miners in position.

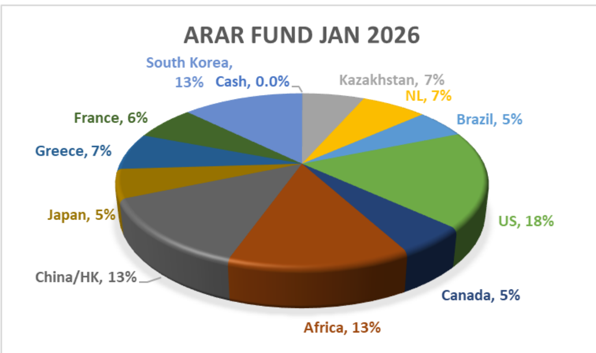
<u>SK Hynix</u>
Another stock that is benefiting extraordinarily from shortages is SK Hynix. While most attention has gone to Nvidia, people have overlooked the bottleneck in chips used for their graphics processors. SK Hynix is one of the three prominent producers of those frontier chips (TSMC and Samsung being the others), while their legacy chips are also experiencing shortages. This has led to price hikes of 70%-100% following a moment when many investors were expecting a downturn in what tends to be a highly cyclical market. SK Hynix is now up over 400% since we first bought and up almost 60% since our last Investor Letter.

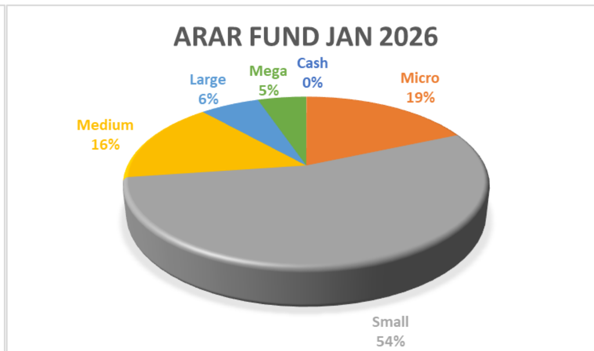
<u>Gravity</u>
Gravity continues to produce bestsellers in their home markets (this time topping the app download charts with “Ragnarok: New World”), but the bigger news is the changes in the boards of their controlling shareholder: GungHo Entertainment. This company holds all the cards with 60% ownership of Gravity. Their management has been ‘OK’ with Gravity letting their enormous cash reserves sit idle, but that is about to change: the GungHo CEO is out, and activist investors have secured spots in the board. They are now pushing for higher dividends, which can basically only come from Gravity paying dividends to GungHo. Once Gravity starts paying out dividends, some level of repricing should occur. Since the changes in the board Gravity has already appreciated over 20%.

<u>Jackson Financial</u>
Our biggest position is meant to be a boring American life insurer trading at a P/E of 4; fortunately, ‘cheap and boring’ doesn’t imply they can’t surprise with positive developments. In the case of Jackson we have had some positive growth surprises in RILA sales in the past, and now they are also partnering with TPG. By partnering with a large global alternative asset manager, they can widen their product range and are expected to deliver better margins on their products. The stock has gone up over 20% on the back of this development.

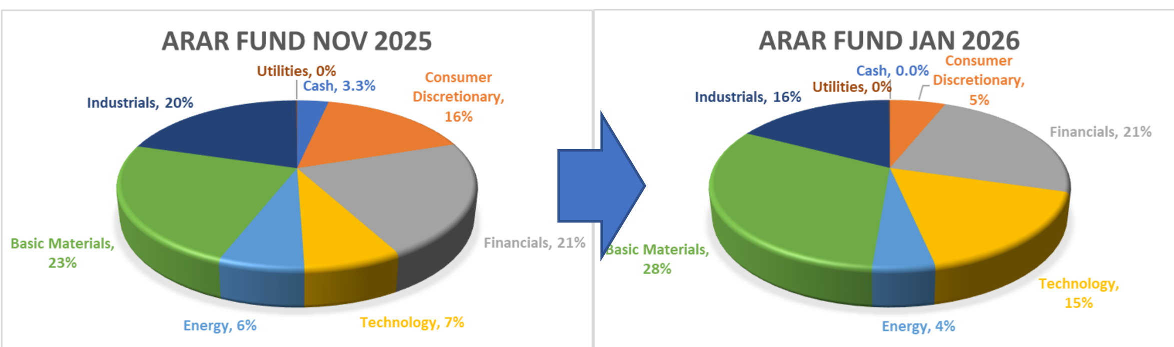
<u>Earnings</u>
While we are mid-season regarding earnings, we did already see BasicFit and OneWater release their quarterly update and 2026 guidance. OneWater showed further proof the worst is behind for them and the market environment is improving, while BasicFit's membership growth is on course. This was despite some suspicions by me that membership numbers last year were a bit too flattering: in 2025 they introduced new conditions that limited their bring-a-friend scheme, forcing many tandem-members to register for two rather than just one membership.

PORTFOLIO COMPOSITION





The current portfolio consists of 27 stocks (of which 2 negligible) and a 0.05% cash position. We have entered four new positions and exited two positions (Kiwetinohk and Calfrac) while trimming three others.



TOP 5 HOLDINGS:

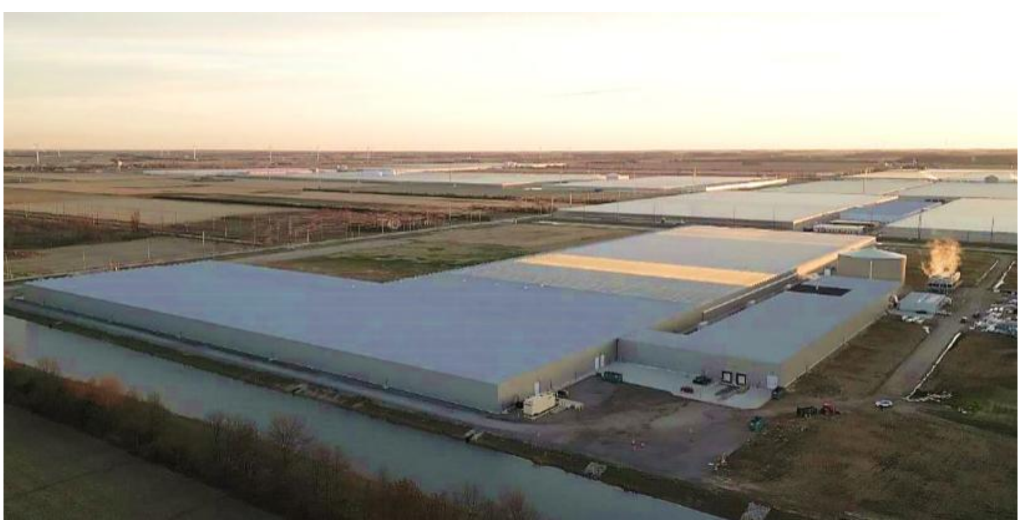
Holding:	%	Adj P/E12M	P/E26**	EV/adj EBITDA	Exp Rev Growth**
Jackson Financial (US)	13.5%	4.8	4.8	6.0	6%
Thor Exploration (Africa)	12.0%	5.2	2.1	2.6	130%
Gravity Inc (South Korea)	7.3%	5.0	5.0	-1.0	8%
AltynGold (Kazakhstan)	6.4%	7.4	4.3	7.3	130%
Stellantis / Peugeot Invest (FR)*	6.2%	-	-	1.5	-3%

*As we consider Peugeot Invest as an efficient bet on Stellantis, we give the multiples for Stellantis here.
**Based on Refinitiv consensus analyst or proprietary estimates

COMPANY IN FOCUS: AUXLY CANNABIS GROUP INC.

Some might remember that half a decade ago expectations for cannabis companies skyrocketed as the US moved to legalize its use. It was a classic bubble with stocks such as Tilray trading at 50x forward *revenue* with no clear path to profitability. After the boom came the bust and the sector index lost *over 90%* of their valuation. Today, the cannabis sector is still unprofitable dealing with sticky overcapacity from overinvestment during the booming years. But one small company has broken the spell and became the first profitable cannabis company: Auxly Cannabis Group Inc. .

Auxly is a leading Canadian cannabis company producing and packaging cannabis for the Canadian market. It has successfully moved from a complex streaming model to a focused, vertically integrated Licensed Producer (LP). Its primary strength lies in Cannabis 2.0 products (vapes, edibles) and high-volume dried flower. By the end of 2025, it cemented its position as the #3 LP in Canada by market share, largely driven by the dominance of the Back Forty brand, which remains the top-selling brand nationwide. The secret behind their success seems a combination of building a name brand and investment in premium cultivation and extraction processes to make their product more consistent to meet consumer expectations repeatedly.



Their 100.000 square meter state-of-the-art production facility in Leamington enables them to deliver consistently while benefitting from efficiency of scale. Because of their curated status as a premium brand they expect to be able to grow market share in a 5% annually growing market, leading to 8-10% revenue growth in 2026. On top of this, Auxly is exploring opportunities to expand internationally and leverage their world class know-how.

And then there's the partnership with Imperial Brands. Imperial invested 123 million CAD in Auxly (through exercised convertible debt) and in return gave Auxly access to their vaping technology and distribution channels. Especially if Auxly starts expanding abroad this might prove very useful and gives them an advantage their Canadian competitors lack.


While one would expect a stock with such potential to trade at a 20+ multiple, we are participating at a current P/E of only *4.5*. The Cannabis sector has inherited hopeless unpopularity from the horrific losses after their bubble era, but that doesn't mean Auxly is badly run. While the market as a whole is still experiencing margin pressure, Auxly has escaped this through quality and branding. At some point the sector's margin compression will lead to bankruptcies and that might reduce the oversupply, benefitting Auxly. Another fear lies in new adverse legislation especially regarding vaping, but my sense is that restrictive vape flavoring legislation is a much bigger issue for tobacco than cannabis companies. All in all: While many things could go wrong, the upside is undeniable.

GENERAL MARKET COMMENTARY

After one newsletter discussing AI, we are lunged back to discussing Trump's latest actions, unfortunately. Many developments admittedly look very dark and grim, with ICE escalations in Minnesota and the threat of (economic?) war over Greenland. But looking through an [economic picture fortune-telling] lens, these developments benefit my long-term view. The latest ICE-developments are hollowing out support for Trump, lowering his chances for re-election and/or ending democracy. The Greenland drama is a net-positive as it showed EU resilience, while it is also a relief to see there are still some people in Trump's team willing and able to talk him out of his worst ambitions.

Tariffs

South Korea has been the latest US ally receiving fresh tariffs. And also given Trump's tariff-threat in the Greenland-drama, it is clear 1) Trump still likes to slap tariffs on everybody, and 2) trade deals are not worth the paper they are written on. We all knew this though, since Trump also teared up his own trade deals with Canada, for instance. I therefore expect higher tariffs from the US in 2026.

Though we are also seeing a counterresponse: trade deals *excluding* the USA are being struck that effectively lower the other global trade barriers, counterbalancing Trump's actions. The biggest proponents of this are the Mercosur deal between Europe & Latin America and the more substantial Europe-India trade deal. Within Europe, too, urgency is rising to lower internal barriers. Could it be that at the end of the tunnel trade barriers everywhere will end up lower than when Trump came in?

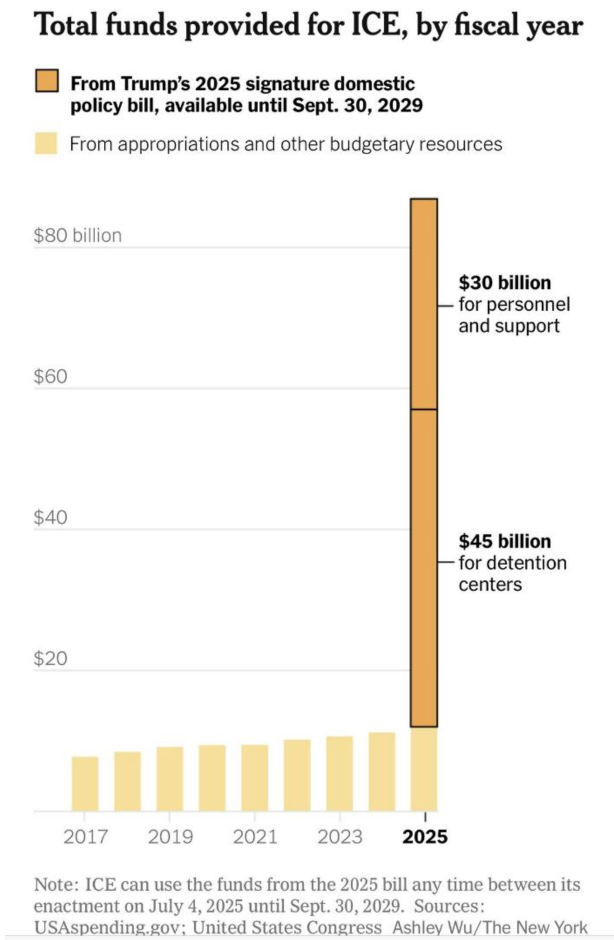
<u>Economic Experimentation (and Warsh)</u>
Trump has selected Warsh to be the new FED chairman. While he has a history of being an inflation hawk, it is also true that he was only hawkish when the US president was a Democrat. Moreover, he has clearly expressed he wants to lower interest rates significantly at the earliest convenient time even as the FED board is keeping rates stable. Add to this 1) Trump only wants stocks to go up while Warsh has probably had to swear complete loyalty to him, *and* 2) Warsh+Miran are still significantly outnumbered in the FED board, and you see why I am inclined to believe he might continue to 'talk the hawkish talk', but he will never 'walk the hawkish walk'.

At least as noteworthy is Warsh's alignment with Miran's infamous ideas around a 'Mar-a-Lago accord' that suggested *forcing* foreign entities to buy 100-year US bonds, among other scary thoughts. I continue to view Miran's ideas as the essential reason behind the flight away from the dollar and the surge in demand for gold.

<u>Balance of Power</u>
I am inclined to repeat my commentary from two months ago: Trump will not get off stage voluntarily, just like he didn't get off stage voluntarily on January 6th 2021. Either he finds a way to genuinely or ingenuinely get re-elected, or he tries to cancel the elections or its results. However, for plan A, B, C or D to succeed, he will need to gain a certain amount of popular support. None of that is transpiring: between the Epstein files, the unpopular threatening of Greenland, the backlash from the ICE-related killings in Minnesota, Trump's support has never been lower.

Still, I belief he will try whatever the odds and whatever the cost. In the runup to the midterms I see Trump employing a two-pronged approach to maximize his chances of retaining power:

1. Increasingly populist rhetoric: By taking the edges off, Trump can regain support among voters. He can contrast himself to the ruthless ICE by reigning them in (temporarily), while backtracking from unpopular policies to show himself to be a trustworthy father figure that will always listen to the wants of the populace.
2. Arming and expanding loyalist forces: A byproduct of ICE's inhumane strategies combined the systematic abuse of protesters towards ICE is that ICE by now has been cleansed of non-aligned employees. This likely makes ICE a loyal and effective domestic force to support whatever route Trump chooses. A rule-of-thumb in geopolitics is that it's not the rhetoric of leaders that predicts their plans, but their budget spending. In this vein it is worrying to see the Trump administration has expanded the ICE related budget by 75 billion USD. For reference, this is a number that eclipses Ukraine's entire 2026 military budget, enough to fend off the third largest army in the world.



<u>Restructure of World Order</u>

Here I am most contrarian. While an occupation of Greenland would have put a wrench in my optimism, the fact is that Trump TACO'd on this. For now, this takes a priorly perceived risk *off* the table, making the change in outlook net positive. Apparently more reasonable men are still able and willing to persuade Trump away from his worst ideas, and that is a Good Thing. Moreover, a more focused and steadfast Europe will be better able to wrangle away from vulnerability to the US, making the world safer and more stable long-term.

	Tariffs	Economic Experimentation	Attack on Balance of Power	Restructure of World Order
Previous				
Developments	↓	↓	↓ ↑	↑
Notes	Steadily increase of tariffs continuing. Impact seems managable	New FED Warsh seems to align with Miran	The road to reelection is narrowing and no support for Insurrection Act	Trump wasn't allowed to invade Greenland
Currently				
Focus now:	South Korea, unwinding dependencies w EU	Warsh	Can Trump change the narrative on ICE?	Watch China

<u>Gold</u>
Holding such a substantial amount of our assets in goldminers, it seems we should comment on what we think about the current price of gold. There's a couple of thinks worth saying about this. The first to say is that the primary reason we're holding such a large amount in gold mining stocks is not because of a thesis on higher gold prices. We are long these stocks because under the current spot price of gold, they are extremely cheap. Our largest holding for instance, Thor Explorations, is trading at a forward P/E of *2*. If their Douta project is a success, just their 2029 earnings alone will eclipse current market cap. If the gold price would go down 40%, it would still be high enough for Thor to be trading at a healthy P/E of around 6 assuming current market cap.

That said, I am slightly more comfortable holding *gold* miners than miners of other commodities because 1) production is extremely inflexible as production can't be ramped up fast, 2) the value of gold is countercyclical meaning gold is more likely to go up when our other stocks go down, and 3) there are secular reasons to be optimistic about the demand for gold. We discussed in the past how Miran's ideas are very bearish for the USD and push Central Banks and others towards other safe havens, especially the non-currency ones.

Our mandate is to achieve outperformance and if that means we have to weather a slight increase in performance volatility, that is a sacrifice we should be willing to make.

Best Regards,

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