# OYAT ADVISORS – QUARTERLY COMMENTARY

**2Q 2025**

Investment landscape

The second quarter of 2025 saw significant volatility across markets, as investors had to contend with policy uncertainty relating to trade barriers, as well as war in the Middle East. In both cases, investors' worst fears ultimately did not materialize, and consequently most major asset classes delivered positive nominal returns over the quarter in local currency terms.

The tariff announcement on April 2nd caused a sharp selloff across markets, with both stocks and bonds experiencing meaningful declines. Perhaps as a direct result, the U.S. administration softened its stance and paused reciprocal tariffs for 90 days (set to end on July 9th), all the while continuing to negotiate trade agreements on a bilateral basis. This appeased investors and risk assets quickly recovered, with developed market equities (as measured by the MSCI World) delivering a total return of 11.6% over the quarter in U.S. dollars. Notably, mega-cap technology stocks rebounded strongly following a weak start to the year, outperforming the wider market by a significant margin.

Double-digit stock returns in a single quarter sounds fantastic, but from our desks in Switzerland, the picture looks rather different. While stocks and bonds quickly recovered from April's volatility, the dollar saw continued weakness, with the dollar index (DXY) ending the quarter down 7.1%. Relative to the Swiss Franc, the dollar lost over 10% of its value over the past quarter, and is rapidly approaching its mid-2011 all-time low.

While many market participants might simply see this as foreign exchange volatility, we have a different viewpoint. As investors focused on protecting and growing the purchasing power of the capital that is entrusted to us, we are acutely concerned with the rate of currency debasements, which we believe is best measured by looking at the price of gold – in other words free-market, *de facto* money – in that it provides a mirror image of the fundamental strength (or rather weakness) of our fiat currencies.

So, what does the reflection in the mirror look like at present? For all fiat currencies, to varying degrees, it is not a pretty picture. Sticking with the U.S. dollar, let us illustrate this with the table on the next page, which displays the total return of the S&P 500 Index and gold between 2022 and mid-2025.

Why start in 2022 we hear you ask? Not out of disingenuous cherry-picking. But rather because while the gradual reestablishment of gold as the most adequate reserve asset is decades in the making, 2022 marked a clear inflection point in our view, with the freezing of Russia's foreign exchange reserves. Following that decision, which accelerated the deterioration of the dollar's position as the primary international reserve currency, the price of gold stopped following asset prices in nominal terms, and the long-standing relationship between real interest rates and the gold price ended abruptly. Since then, and arguably more so than any time in the recent past, gold has in fact been trading against asset markets on a real basis.

Many investors, ourselves included, have been left somewhat perplexed by the fact that over the past three years, interest rates have been able to move higher without pressuring equity markets. Some have argued that this has merely been delayed by the typical time lag for higher rates to impact economic activity, which has been lengthened by changes in various financial structures (e.g. a much higher share of fixed-rate mortgages, an ever-greater portion of the economy in private equity and debt funds which lock up their investors for a decade, …). But perhaps the most significant factor, as we argued in our 4Q23 commentary, has been the rise of 'fiscal dominance' over monetary affairs. By and large, sovereign governments have more than counterbalanced the liquidity contraction from monetary tightening by putting liquidity back into the market, predominantly via deficit spending. In the U.S., the latest piece of legislation (which shall remain nameless in this commentary) to come into law is set to enact further tax cuts and additional spending, which could add between $3 and $5 trillion of debt over the next 10 years. As a result, the U.S. Federal debt level may reach $40 trillion by the end of 2025, and likely $50 trillion within the coming decade.

The only remaining pressure valve, and ultimate casualty, has been the debasement of fiat currencies, as reflected by the rising price of gold. So perhaps the main reason why asset markets have not crashed in nominal terms is because they are already crashing in real terms.

Finally coming to our comparative table below, this can be seen by the fact that while the cumulative nominal return of the S&P 500 since 2022 is nearly 37%, its real return in gold terms is actually -41.5%. But only those who understand that gold is *de facto* money, and that the gold price says nothing about gold itself, but rather speaks of the fiat currencies in which it is priced, understand the current extent of monetary debasement. This is the trick that policy-makers learned in the 1970s: better to confiscate wealth slowly via monetary inflation and currency debasements, rather than quickly via nominal declines in asset prices.

**Total return**

*As of June 30th 2025, in USD*

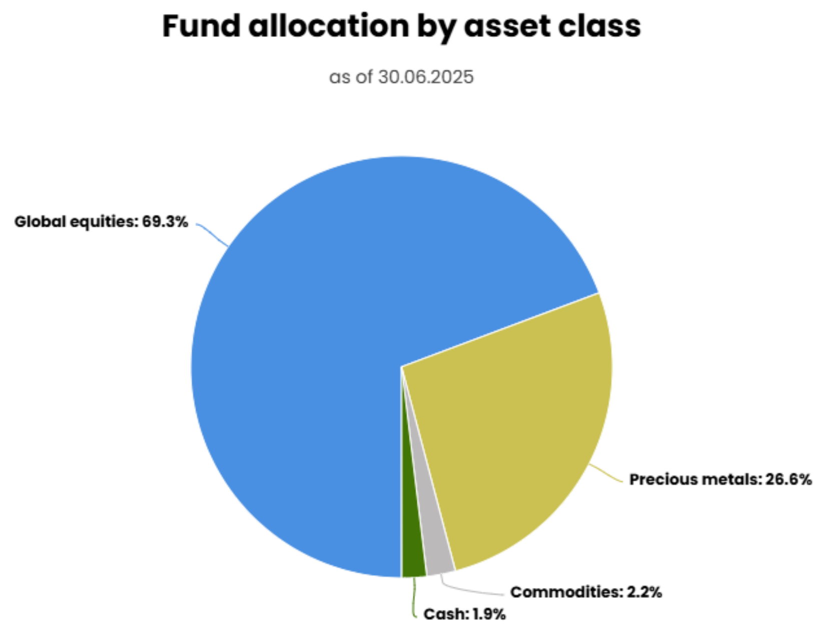
| | 2022 | 2023 | 2024 | 2025 Ytd | 2022-2025 |
|---|---|---|---|---|---|
| S&P 500 | -18.1% | 26.3% | 25.0% | 6.2% | 36.8% |
| Gold | -0.3% | 12.7% | 26.7% | 25.9% | 78.3% |
| **Real return** | **-17.8%** | **13.6%** | **-1.7%** | **-19.7%** | **-41.5%** |

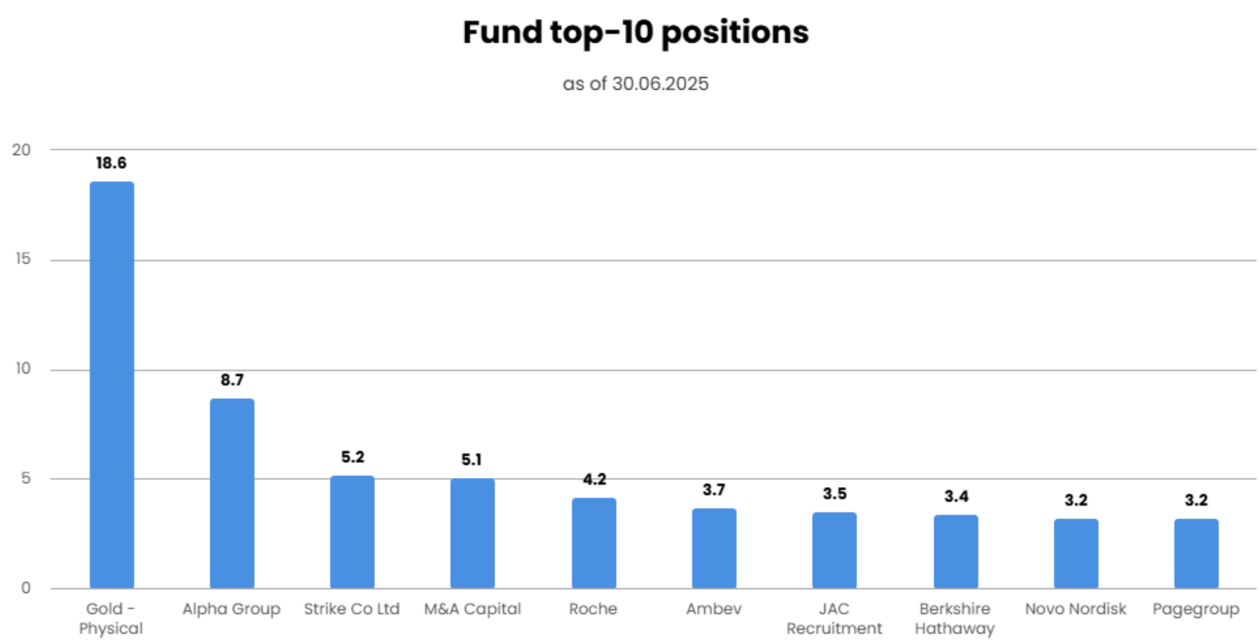
*Source : S&P 500 factsheet, Goldprice.org*

In times of monetary inflation and currency debasements, real returns can differ drastically from nominal returns, and it is our responsibility to focus predominantly on protecting and growing the capital that is entrusted to us in real terms. With that in mind, let us reiterate what we've stated incessantly over the past couple of years: in a world of monetary abundance, we want to mainly focus on owning scarce and productive real assets, while largely avoiding fixed-income securities. We also want to maintain some level of optionality by holding liquid reserves, predominantly in the form of physical gold. This continues to be the case as of today.

Asset allocation

The graphs below display the Oyat Investment Fund's allocation of capital across asset classes, as well as the Fund's top-10 positions:



## Performance

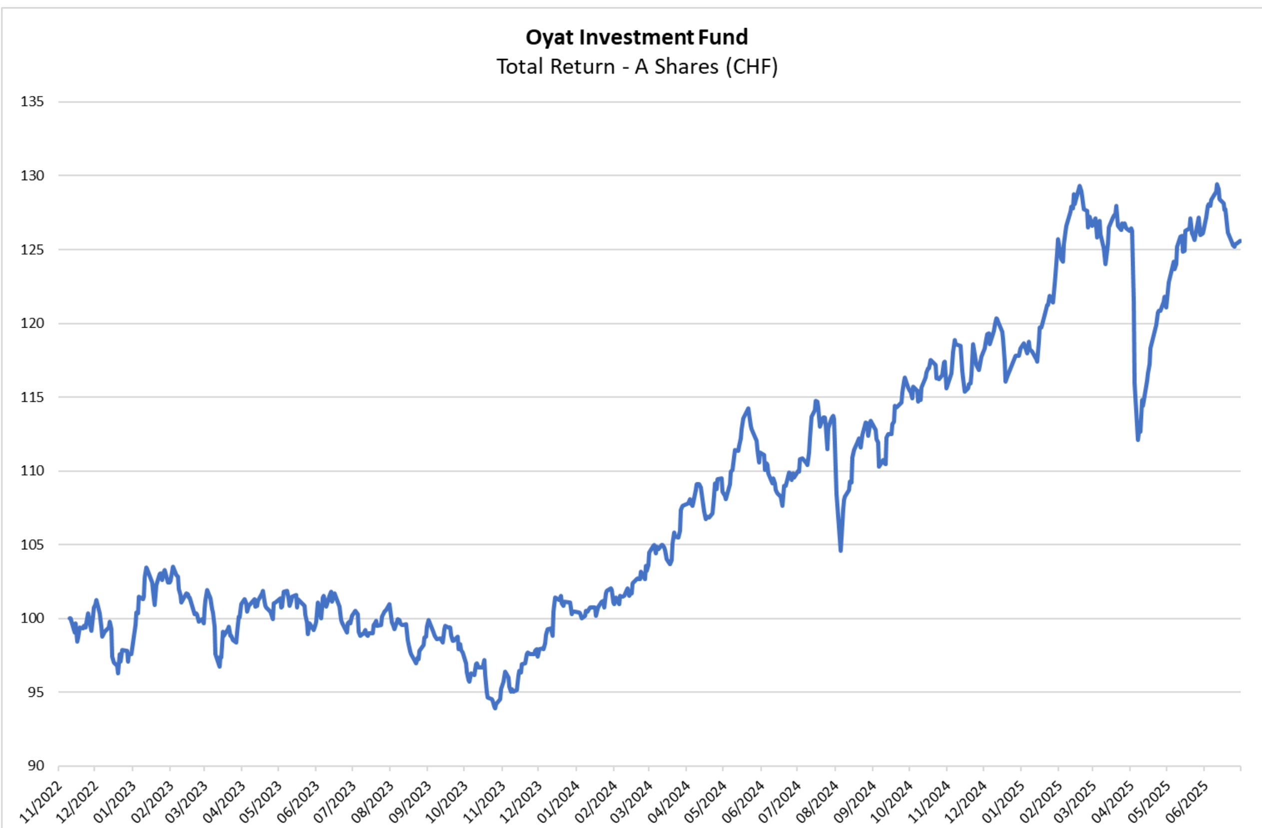
### A-shares: Performance as of June 30, 2025, in CHF

| | 3m | 1yr | 3yrs p.a. | Since inception p.a. |
|---|---|---|---|---|
| Oyat Investment Fund | -0.6% | 14.2% | - | 9.7% |
| MSCI World | 0.1% | 3.0% | - | 11.4% |

### A-shares: Annual performance as of June 30, 2025, in CHF

| | 2022* | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Oyat Investment Fund | -2.4% | 3.0% | 17.7% | 6.2% |
| MSCI World | -5.0% | 13.3% | 28.5% | -4.1% |

**Inception Date: November 10, 2022*



In the second quarter of 2025, the Oyat Investment Fund returned -0.6% in CHF.

Since inception, the Fund's total annualized return stands at 9.7% in CHF.

Let us now briefly discuss some of the Fund's main performance contributors and detractors this past quarter. Please note that all return figures quoted below are in Swiss francs (CHF).

The largest performance contributor was Alpha Group International, our biggest equity position. In 2Q25, the stock increased by nearly 21%, as the company received a takeover offer from Corpay Inc., a U.S. provider of payments and expenses management services. Discussions between the two companies are still ongoing, and we expect an announcement to be made in the coming weeks. Ever since our initial investment in the company in September 2024, Alpha Group has been one of our most promising ideas, as described in some detail in a previous commentary, hence the large size of the position in our portfolio. We incrementally increased our holding in the company on the back of the initial news regarding the potential takeover, which we believe makes a lot of strategic sense and may well come to a successful completion.

Our position in the Japanese software testing company Shift Inc. was also a major positive contributor in the period, with the share price up over 50%. Shift continues to grow rapidly while improving profitability levels, and is an excellent example of a fairly small-sized company in Japan owned an operated by ambitious entrepreneurs, a theme that represents a material part of our Fund's investments. We did however decide to part ways with Shift for the time being, as the company's share price went up well past our estimate of fair value. The position was therefore sold entirely in early June, which illustrates the fact that we adhere to valuation discipline in a fairly strict manner in managing the Fund's assets.

Another Japanese small-cap entrepreneurial company that delivered a strong positive contribution to the Fund's returns in 2Q25 was Strike Co. Ltd. Strike is a new position in our Fund since the beginning of the year, and similarly to M&A Capital, it is engaged in the business of M&A brokerage services, predominantly for Japanese small- and mid-cap companies. As described in more detail in a previous commentary, Strike displays many attractive fundamental attributes (i.e. growth, profitability and return levels, balance sheet strength, …), and we were able to acquire a participation in the company at a very attractive valuation level, since the company had just reported a disappointing set of quarterly results, mainly due to the timing of deal closures. As our investment thesis hypothesised, since nothing major had changed regarding Strike's business and competitive position, deal closures would eventually revert back to the mean. This happened much sooner than expected, which led to a re-rating of the shares higher this past quarter. The company remains undervalued in our view.

Other noteworthy positive performance contributors also came out of Japan, including strong returns from staffing company JAC Recruitment and technology-focused service company TechnoPro, which also happens to be at the center of possible takeover rumors.

Moving on to the less positive news and performance detractors. Physical gold ended the quarter down approximately 5%, and as the Fund's largest holding, even such a relatively modest decline did have a non-negligible impact on Fund performance. Some degree of profit taking, and then later in the quarter the rapid de-escalation in the armed conflict between Israel/U.S. and Iran, likely contributed to the muted performance. We made a small trim in our position in physical gold very early in the quarter, just as equity prices had declined meaningfully on the back of the tariffs news. To be clear, our level of conviction regarding physical gold remains as high as ever, but we are intent on ensuring that position sizing remains firmly under control, and were thus happy to take some profits from prior years' gains. Moreover, the exchange ratio between gold and certain equities we own had become incrementally more attractive, and we felt it sensible to redeploy some capital accordingly. Nonetheless, as of today we maintain a sizable position in physical gold, as its main drivers are still very much intact in our view, including robust buying from a number of central banks, rising debt levels and budget deficits, the gradual lowering of interest rates by central banks, continuing worries about inflation, geopolitical tensions, as well as the growing struggle to settle physical deliveries of the precious metal. And despite the rise in gold's price over recent years, the precious metal remains fairly cheap when compared to monetary aggregates, as well as other assets.

Atlas Energy Solutions, a leading provider of mission-critical supplies and logistics services to the oil & gas industry within the Permian Basin, also contributed negatively in the period. A subdued oil price for much of the quarter likely contributed to weak proppant demand and pricing, impacting near-term results and estimates for the company. Having said that, Atlas remains a leader in its market with a clear low-cost advantage, and the company continues to roll out its Dune Express conveyor system and self-driving trucks in an effort to make the entire supply chain more efficient, safer, and environmentally-friendly. We modestly added to our position in the quarter as a result of the share price weakness.

Berkshire Hathaway and Omnicom Group were also rather weak in the period. Berkshire is still up materially for the year, but the stock cooled off in the second quarter, perhaps as investors continue to digest the news that long-time CEO Warren Buffett is stepping down. Berkshire remains a key holding in the Fund. Omnicom is one of the world's largest advertising agencies, but the company has been struggling with mixed reviews regarding its impending takeover of peer Interpublic Group. Investors are also concerned that Omnicom's business will be threatened by AI and potential new competitors. We continue to hold Omnicom and marginally increased our position in the company in the period, but we are closely watching the ongoing acquisition as well as the competitive backdrop in the advertising space.

In addition to the trading mentioned in the paragraphs above, we also made a number of incremental purchases in positions that, at the margin, had become more attractive and were arguably undersized in our Fund. Increases included Novo Nordisk, Evolution AB, Thor Industries and Pagegroup.

We made one addition to the Fund in the quarter, initiating a position in Gentex Corp. Gentex is a U.S. electronics and technology company that develops, designs, and manufactures automatic-dimming rear-view mirrors, camera-based driver assistance systems, and other equipment for the automotive industry. The company has a dominant market share of over 85% in its key market of auto-dimming mirrors, which provides the company with strong pricing power, long-term customer relationships and a steady stream of recurring revenue from OEMs like Toyota, Volkswagen, GM, and numerous others. Future growth should be supported by increasing penetration rates for auto-dimming mirrors and new product innovations such as Full Display Mirrors (FDM), as well as technologies from recently-acquired VOXX International Corp. Gentex's share price had dropped approximately 40% from its recent peak due to general weakness in the automotive space as well as newsflow relating to trade tariffs, which we expect

Gentex to be relatively unaffected by. Overall, this provided us with a good opportunity to acquire a participation in the company at a price which reflects an attractive valuation level.

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