NIC | Undergraduate Division Fund

Q4 2025 Shareholders Report

19th March 2026



Results Summary

Share price performance and Total Equity cashflows

The fund achieved a total quarterly return of 3.17% during Q4

The fund achieved a **total quarterly return of 3.17% during Q4**, **underperforming the benchmark** which **rose 6.85%**, representing an underperformance of **368 basis points**. While returns were slightly **lower than the 5.08% recorded in Q3**, performance remained **strong and continued to reflect positive contributions** from several key equity positions.

LVMH (MC.PA) (+23%), IKOR (IKOR.L) (+28%), and Alphabet (GOOGL) (+29%) were the best performers during the quarter.

LVMH benefited from resilient luxury demand and **double-digit growth in its Fashion & Leather Goods** division, supported by improving **Asian demand**. **IKOR.L,** a Korea-focused ETF, **rose 28%** as **South Korean equities rebounded**, supported by **stronger semiconductor exports** and improving global technology demand. **Alphabet** gained following **strong quarterly results**, with **advertising revenue growing around 10–12% YoY** and cloud revenue **expanding above 20%,** reinforcing confidence in its **AI-driven growth** strategy.

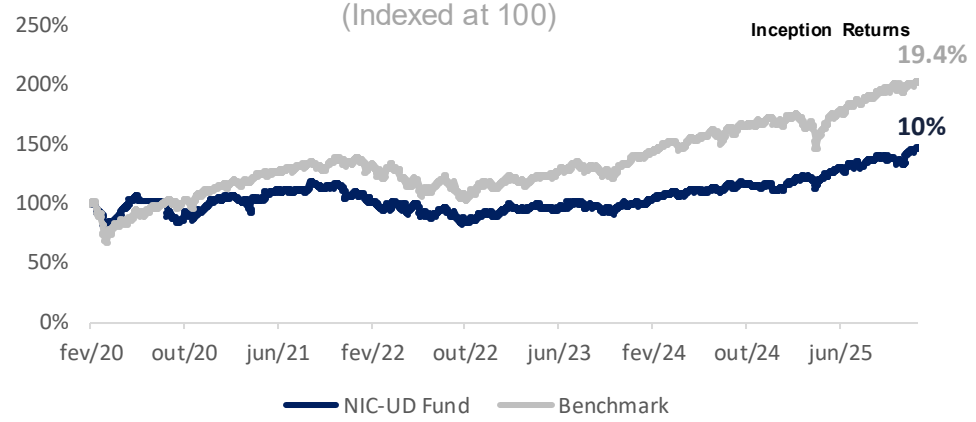
Bae Systems(-16%), TMUS (-15%), and MercadoLibre (-14%) were the worst performers in this quarter

BAE Systems declined following profit-taking after a rally of **more than 30% earlier in the year**. **T-Mobile** fell amid concerns over **slower subscriber additions** and **pricing pressure** in the U.S. telecom sector. **MercadoLibre** dropped as **higher logistics costs pressured margins**, despite **revenue growth above 30% YoY**.

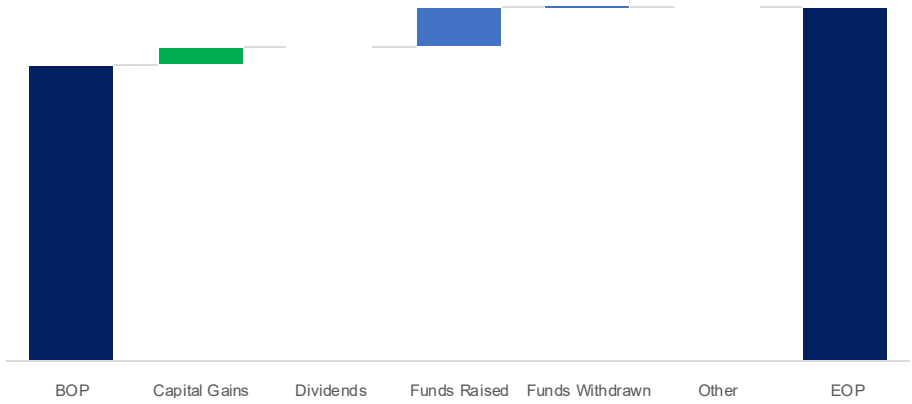
The fund saw total equity increase

The fund saw total equity increase during the quarter, mainly driven by **capital gains representing roughly 6%** of equity and **capital inflows of about 14%**.

Fund's performance against the benchmark (Inception)



Total Equity cash flows during thequarter



Results Summary

Fund's investment strategy

The objective of the fund is to create a diversified portfolio of securities (such as Equities, ETFs, bonds, …) and to teach **valuable Portfolio Management techniques** to our members, while aspiring to achieve the **maximum risk-adjusted returns** possible in the long-term and beating our benchmark.

- This is a **long-only portfolio** meaning that we will not actively search for short-selling opportunities due to brokerage constraints and the fact that stock markets have a long-term positive trend.

- We are **sector-agnostic**, meaning that we will not focus on any sector, neither will we stop investing in a certain sector unless macroeconomic factors come into play. What we may do is analyse the current and near-term macro environment to set **underweight/overweight sector targets** and mitigate any risks by rebalancing the portfolio.

- In what regards the equity/bond distribution, we are **equity overweight investors** due to the young age nature of our investors and the fact that it weighs a low percentage of our shareholders' total net worth, which conveys a higher appetite for risk.

- Finally, we keep searching for **value bets** (focused on solid financials, profitable business model, low growth, dividend plays, mature sectors, low innovation) and **growth bets** (focused on products and strategy, high innovation, high valuations, low earnings, capital gains play), so that the portfolio is a mix of both strategies and able to sustain its value during **recessions and bear markets**, but also to take the more historically long-lasting wave of **bull markets and economic booms**.



Positions

Positions performance

Fund's top 3 best-performing securities (quarterly)

During Q4 2025, **LVMH, the Korea-focused ETF (IKOR.L), and Alphabet** were the top performers, returning **+23.3%**, **+28.2%** and **+29.1%**, respectively.

LVMH benefited from resilient luxury demand and **improving sentiment in Asian markets**, supported by continued **strength in its Fashion & Leather Goods** division, which accounts for nearly **50% of group operating profit**, and by the group maintaining **€80.8 billion in annual revenue** . The **IKOR.L Korea ETF** gained as **South Korean equities rebounded**, supported by a **recovery** in the **semiconductor cycle**, with Korean **semiconductor exports increasing roughly 30% year-on-year** during the quarter amid **strong global demand** for AI-related chips. **Alphabet** rose following **strong quarterly results**, driven by **growth in digital advertising** and **cloud computing**, with the company reporting around **15–18% year-on-year revenue growth** and **Google Cloud revenue** expanding about **48% year-on-year**, reinforcing confidence in its AI-driven growth strategy.

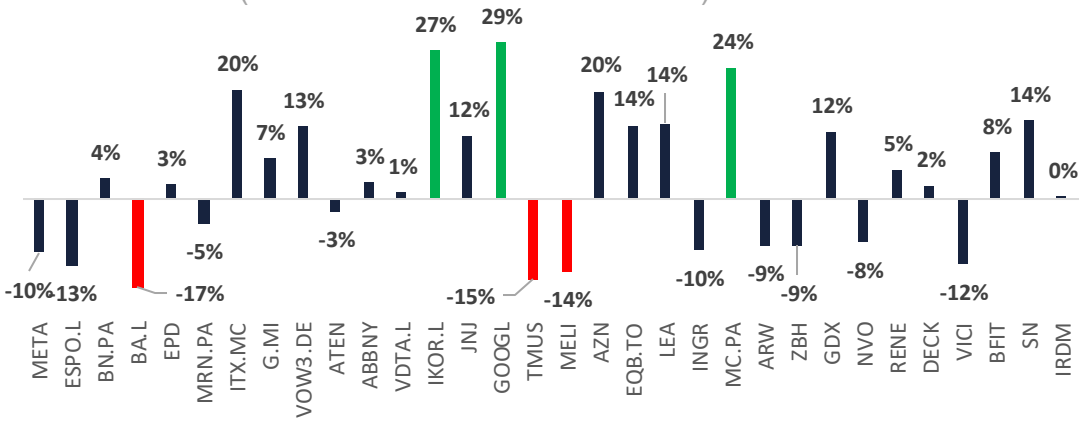
Fund's top 3 worst-performing securities (quarterly)

The weakest performers were BAE Systems, T-Mobile, and MercadoLibre, falling -**16.3%**, **-14.9%,** and **-13.5%**, respectively.

BAE Systems declined following **profit-taking after a rally of more than 30%** earlier in the year, with investors **becoming more cautious about near-term execution** as the company **scales delivery across large defense programs** despite maintaining a record order **backlog above £60 billion**. T-Mobile fell after reporting **lower-than-expected net subscriber additions** of roughly **850,000 in Q4**, raising **concerns about slowing growth** and **intensifying competition** in the U.S. telecom market. **MercadoLibre** declined as **higher logistics and fulfillment costs pressured margins**, despite the company **continuing to deliver revenue growth** of around **35–40% year-on-year**, reflecting ongoing **heavy investment in its e-commerce** and fintech infrastructure.

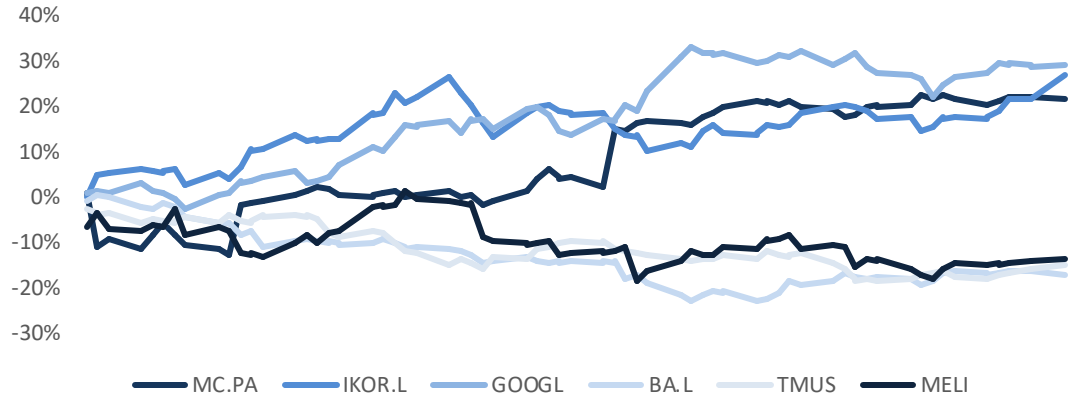
Quarterly performance by position

(From 30/09/2025 to 31/12/2025)



Best and Worst Securities Performance (exc. dividends)

(From 30/09/2025 to 31/12/2025)



Positions

Positions added

Vici Properties
NYSE: VICI
REIT
Implied Share Price: 35.74$

	Company	Peers's Median
Multiples		
P/AFFO	**12.8x**	**12.4x**
P/NAV	**1.2x**	**1.9x**
Profitability		
ROIC	**8.2%**	**4.3%**
Dividend Yield	**5.6%**	**5.3%**

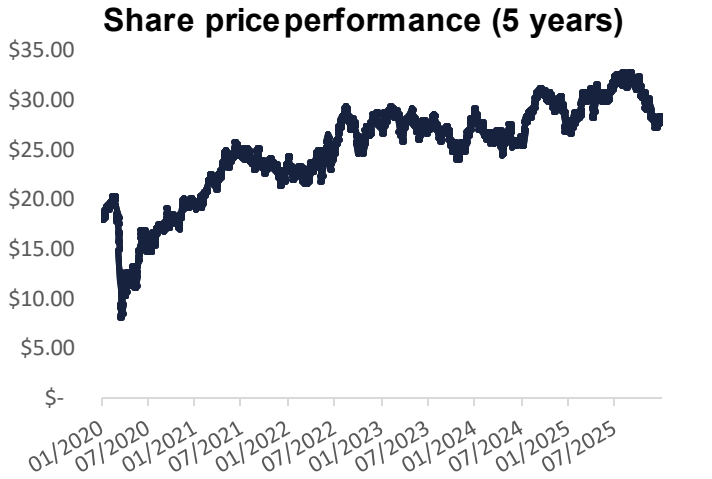
Company Profile

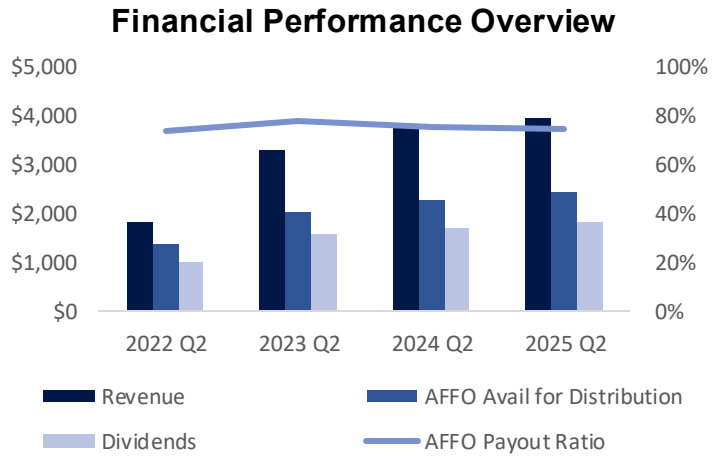
VICI Properties Inc. is an **experiential real estate investment trust** (REIT) that owns one of the **largest portfolios of market-leading gaming, hospitality and entertainment destinations**. It was formed in 2017 as a spin-off from Caesars Entertainment Corporation. It **owns 93 gaming/experiential properties** across the U.S. (Las Vegas Strip) and Canada. VICI operates under **Triple Net Leases, with tenants covering all property taxes, insurance and operating expenses**, holding full operational control.

Investment Thesis

VICI Properties is **a strong buy** based on its ownership of 90+ experiential assets under triple-net master leases with **remaining terms exceeding 25 years, CPI-linked escalators**, and **100% rent collection**, which collectively underpin **highly predictable cash flows**. A disciplined capital structure ensures consistently **robust dividend yields of 5.6%, hedging economic downturns**.

VICI **trades at a discount to market peers** and demonstrates **strong potential upside in intrinsic valuation methods**. Prospects for **modest cap-rate compression and financing costs decline** may convert to more favourable asset pricing. VICI's **growth strategy is anchored by its Partner Property Growth Fund**, whereby it commits capital to upgrade or expand existing partner assets, all while maintaining a **stable AFFO payout ratio in the mid-to-high 70% range**.





*Please note that all multiples and financial data reflect the figures available at the time of the original stock pitch, andmay differ from the most up-to-date values. They are presented here solely to illustrate the original investment thesis

Positions

Positions added

Basic-Fit
AMS: BFIT
Low-Cost Fitness
Implied Share Price: 34.08€

	Company	Peers's Median
Multiples		
P/E	**17.9x**	**38.4x**
EV/EBITDA	**7.8x**	**8.4x**
Profitability		
EBITDA Margin	**46.7%**	**31.4%**
FCF Margin	**21.3%**	**15.5%**

Company Profile

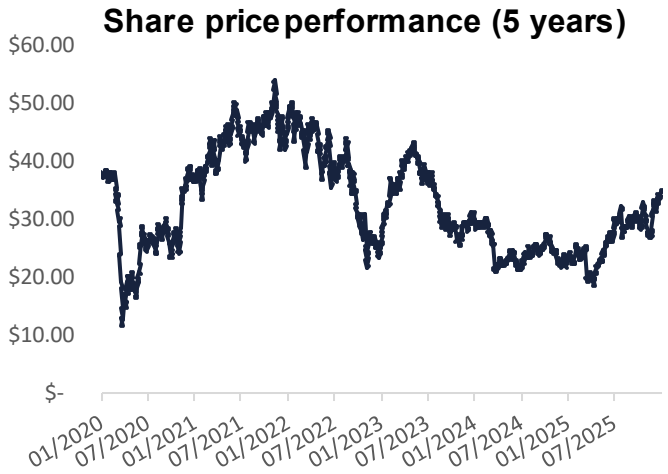
Basic-Fit is **Europe's largest and fastest-growing low-cost gym chain**, offering affordable fitness access through over **1,600 clubs in six countries**. Its **simple, scalable** model combines physical gyms with digital training tools, attracting more than **4.5 million members** and driving consistent growth across the European fitness market.

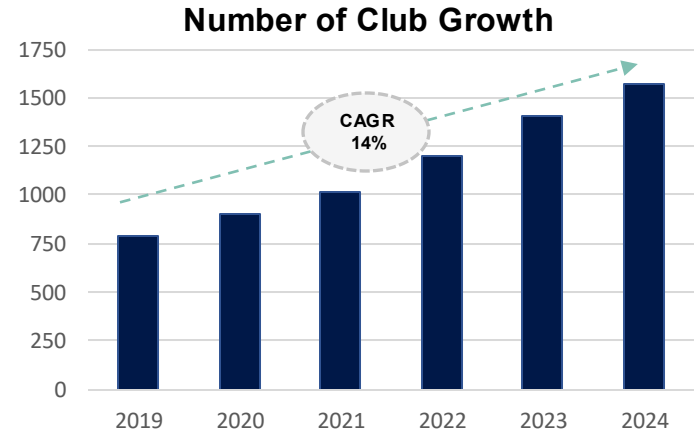
Through **strategic acquisitions** of Fitland Groep, Gymstreet, RSG Espana and Clever Fit over the **past 7 years**, the Dutch company has significantly expanded its footprint. This approach of **robust organic growth** and **targeted acquisitions** established Basic-Fit as the **leading low-cost gym operator in all active countries**

Investment Thesis

Europe is still a market to be explored by the low-cost gym segment. While US and UK have 25% and 17% **gym penetration**, respectively, **Europe has only 9%.** Being the market leader in the continent, Basic-Fit has a **club CAGR of 14%** and enormous growth potential. Recent technology advances impact positively the company by permitting the implementation of **24/7 staffless/low staff clubs and applications** that helps client retention.

The **scalability and predictability** of the business model create a huge investment potential, which can be seem by the **Private Equity activity** on the segment (in other markets). Most of the company's growth is **organic**, having **95**% (1570) of its clubs constructed using this method.





*Please note that all multiples and financial data reflect the figures available at the time of the original stock pitch, andmay differ from the most up-to-date values. They are presented here solely to illustrate the original investment thesis

Positions

Positions added

Iridium Communications Inc.
NASDAQ: IRDM
Satellite Communications
Implied Share Price: 44.82$

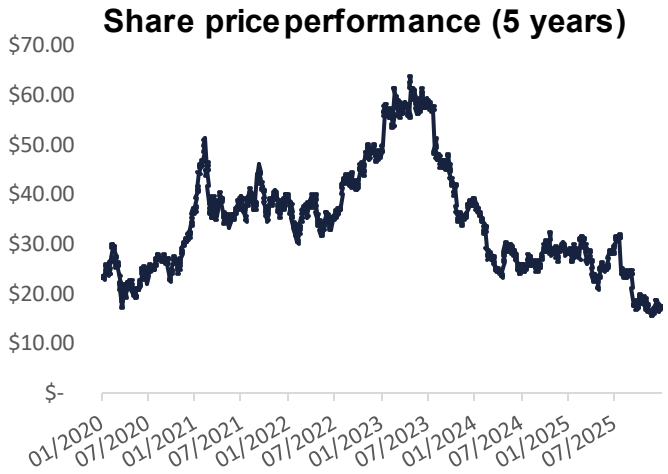
	Company	Peers's Median
Multiples		
P/E	**14.6x**	**7.8x**
EV/EBITDA	**7.8x**	**6.6x**
Profitability		
EBITDA Margin	**50.5%**	**38.2%**
FCF Margin	**29.8%**	**13.7%**

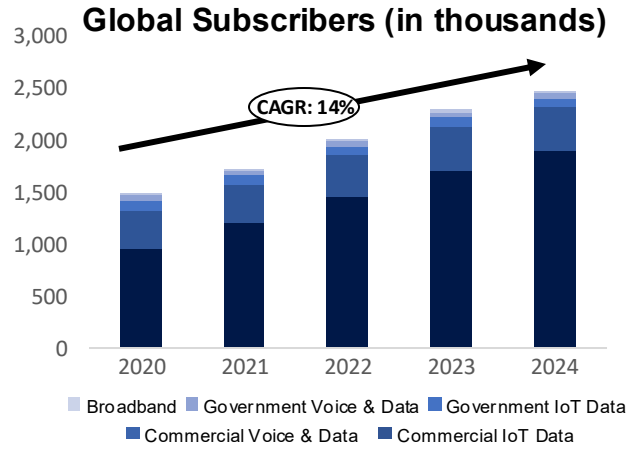
Company Profile

Iridium maintains a **constellation of satellites in low Earth orbit**, providing a truly global, pole-to-pole network without the need for terrestrial infrastructure. Iridium's core value proposition lies in providing **highly resilient communication services** for mission-critical operations in the **defense**, **aviation**, **maritime**, **emergency response**, and **remote industrial industries**.
Its service portfolio includes **secure voice**, **broadband**, and **satellite-based IoT solutions** for tracking and monitoring, thereby providing **recurring revenue** through subscription-based services. Iridium is looking to carve a niche in the **Non-Terrestrial Network (NTN) space** with the incorporation of satellite-based communication in 5G standards and direct-to-device technologies.

Investment Thesis

Iridium has a **highly predictable business model** with strong operating leverage, given that its satellite business is fixed in nature, enabling new subscribers to **increase revenues** while **incurring minimal additional costs.**
Additionally, the company enjoys **long-term contracts with the government**, thereby benefiting from high demand, which translates into high switching costs.
Given the current decline in the company's share price due to short-term D2D concerns, the market seems to **overlook the long-term growth** in **Iridium's satellite IoT**, **NTN connectivity**, and new service business, making it an attractive entry point.





*Please note that all multiples and financial data reflect the figures available at the time of the original stock pitch, andmay differ from the most up-to-date values. They are presented here solely to illustrate the original investment thesis

Positions

Positions added

SharkNinja
NYSE: SN
Household Appliances
Implied Share Price: 117.66$

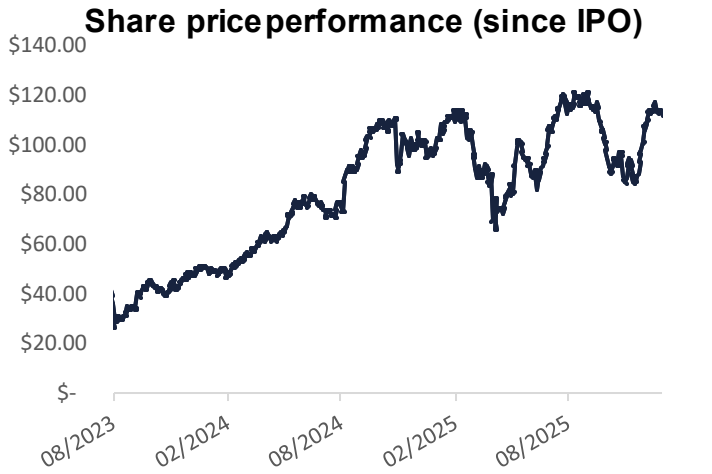
	Company	Peers's Median
Multiples		
P/E	**23.2x**	**26.8x**
EV/EBITDA	**14.8x**	**8.3x**
Profitability		
EBITDA Margin	**15.5%**	**7.2%**
FCF Margin	**6.0%**	**4.7%**

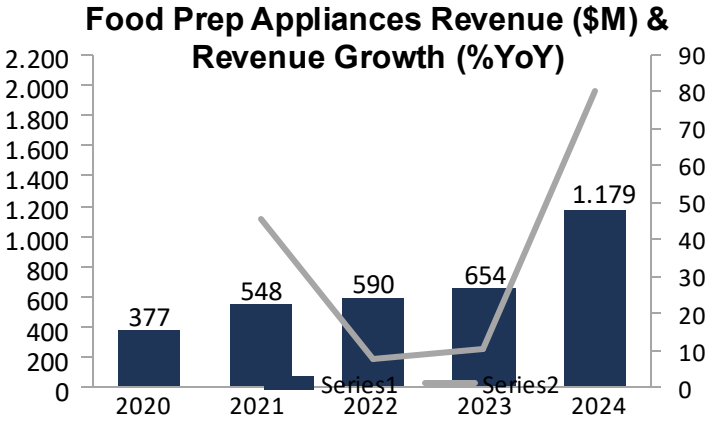
Company Profile

SharkNinja is a **diversified, global product design and technology company** that creates lifestyle solutions through two scaled, diverse, and growing brands: **Shark** and **Ninja**. The company has a proven track record of bringing **disruptive products to market**, operating in over **35 countries** with a portfolio that includes floor care, kitchen appliances, beauty, and home environment systems. SharkNinja maintains a **highly agile, asset-light manufacturing model**, with over 90% of U.S. production already diversified outside of China to ensure supply chain resilience. By leveraging constant **product innovation cycles** and over 5,200 global patents, SharkNinja continues to capture market share from established competitors by offering premium performance at **accessible price points**

Investment Thesis

SharkNinja offers a **predictable, high-growth business model** fueled by a **21% net sales CAGR** and an innovation engine that launches ~25 products annually. The company is entering a **margin-expansion phase**, driven by operating leverage as EBITDA grew **53% in 2024**. Significant expansion potential remains in **international markets** and new categories like beauty tech and outdoor. With a **DCF-implied upside of ~36%**, the current valuation overlooks the company's proven ability to gain share and **scale efficiently across new geographies**.





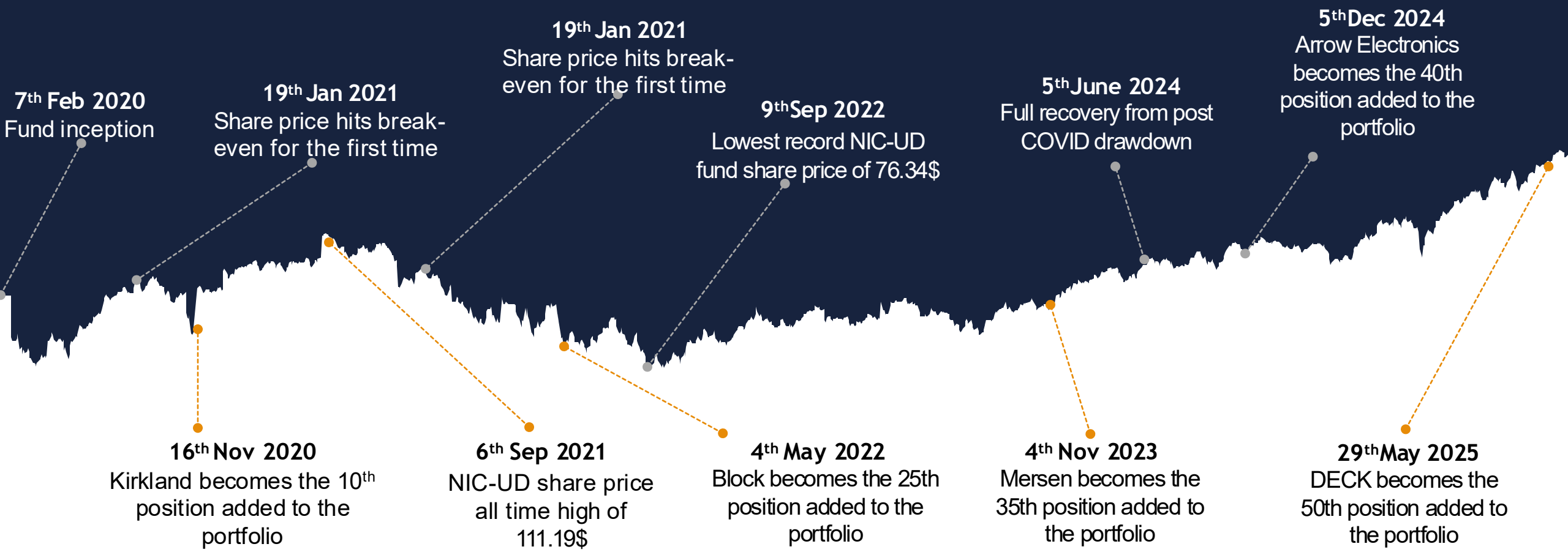
*Please note that all multiples and financial data reflect the figures available at the time of the original stock pitch, andmay differ from the most up-to-date values. They are presented here solely to illustrate the original investment thesis

Portfolio

Portfolio roadmap

NIC Undergraduate Division Fund

Portfolio share price



Portfolio

Portfolio Vs Benchmarks

Fund Performance

In the fourth quarter of 2025, the **fund delivered a 5,56% weakly averaged return**, outperforming the 3,14% achieved by the benchmark. Moreover, the fund demonstrated a **stronger risk management**, as evidenced by a Sharpe Ratio of 0.66, outperforming the benchmark's 0.51.

This last quarter saw extreme **volatility**, driven by a 43-day **US government shutdown**, the longest in history, which ended November 12. The resulting data blackout led investors toward safe-havens during the period. Simultaneously, the **Federal Reserve's restrictive cut** in the beginning of the period signalled a weaker economy, dampening hopes for further easing. Initially, the fund proved more sensitive to this political and monetary uncertainty than its benchmark.

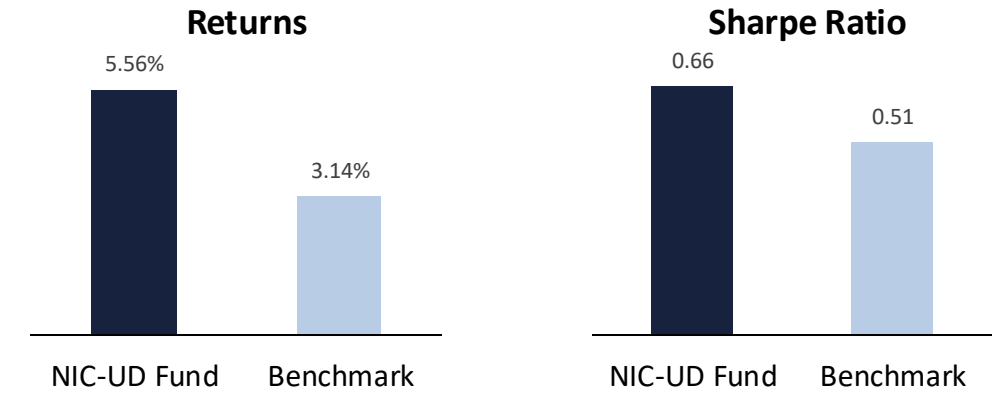
However, as market relief arrived when the shutdown ended, global indices rose sharply and the fund's performance exploded, delivering a 4.74% return, outperforming the benchmark's 2.23% and securing the quarter's success. Confidence was further bolstered **by Nvidia's exceptional earnings**, which sparked a **global tech surge**. The fund captured this rally effectively, navigating the so called "AI bubble" concerns before a final December rate cut stabilized markets heading into 2026. Ultimately, the fund's higher Sharpe Ratio reflects the effectiveness of its countercyclical strategy during this volatile period.

Benchmark Composition

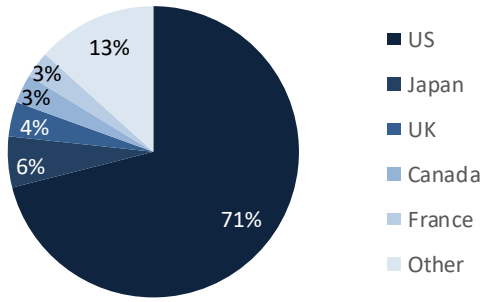
During this quarter, we opted to maintain the benchmark utilized in our portfolio in the previous period, aiming to establish a benchmark with **risk metrics** and exposure similar to our portfolio. Consequently, this benchmark incorporates a **diversified exposure** across developed markets, with a focus towards growth-oriented sectors such as technology and healthcare, while still maintaining exposure to cyclical industries to reflect our portfolio's balanced positioning. With this approach, we aim to achieve a **meaningful comparison** between the fund and its benchmark.

Quarterly gross returns and Sharpe Ratio vs Benchmark

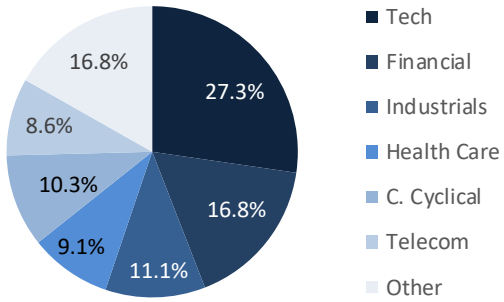
(From 30/09/2025 to 31/12/2025)



MSCI World Index Geographical Allocation



MSCI World Index Allocation by Industry



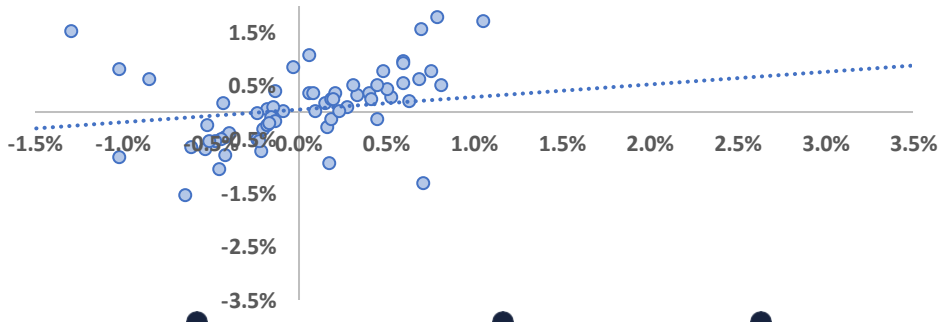
Portfolio

Risk measures

Risk-adjusted performance measures*

Annualized	6M	1Y	2Y	Inception
Gross Returns	*13.45%*	*26.23%*	*19.03%*	**6.05%**
Risk Free Rate	*3.94%*	*4.11%*	*4.60%*	*2.81%*
Variance	*1.42%*	*1.27%*	*0.95%*	*2.58%*
Std. Deviation	11.91%	11.27%	9.73%	16.06%
Sharpe Ratio	**0.80**	**1.96**	**1.48**	**0.20**
Semivariance	*0.211%*	*0.300%*	*0.266%*	1.316%
Semi-Std. Deviation	*4.59%*	*5.47%*	*5.16%*	*11.47%*
Sortino Ratio	**2.07**	**4.04**	**2.80**	**0.28**
Jensen's Alpha	*0.0012*	*0.0030*	*0.0015*	*-0.0002*
Beta	*0.8156*	*0.5984*	*0.6212*	*0.6770*
Treynor's Ratio	**0.12**	**0.37**	**0.23**	**0.05**
Gross Benchmark Return	*24.08%*	*21.03%*	*20.68%*	**12.75%**
Tracking Error	*10.56%*	*9.80%*	*8.06%*	*13.42%*
Information Ratio	**-1.01**	**0.53**	**-0.20**	**-0.50**

Portfolio vs. Benchmark: Alpha and Beta Regression 6M



Analysis of performance measures

In the last six months, the fund has achieved an annualised return of **13.45%** underperforming both the previous semester's return of 14.81% and outperforming the inception return of 6.05%.

The **Sharpe Ratio**, which measures risk-adjusted returns, allows for comparison between returns and the level of risk (as measured by volatility). Looking at the previous 24 months, the fund experienced a Sharpe ratio to **1.48**, a notable improvement well **above the inception level of 0.20**, signalling excellent risk-adjusted performance during this period.

The **Sortino Ratio**, which focuses on downside risk, reflects how the portfolio's returns compare to the risk of negative performance. In the last six months, the Sortino Ratio fell to **2.07, above the inception level of 0.28** suggesting that recent gains have been achieved with limited downside volatility.

The **Treynor Ratio**, which measures returns in relation to systematic risk (measured by the portfolio's **beta**), was **0.37** in the last semester.

The **Information Ratio** measures how closely the portfolio tracks its benchmark. Despite last year outperformance against the benchmark, over the last annualised six months, we have **underperformed the benchmark**, standing at **a ratio of -1.01**.

** Returns and standard deviations were all expressed in annual terms. The MSCI World Index is considered a market portfolio for Beta and Alpha*

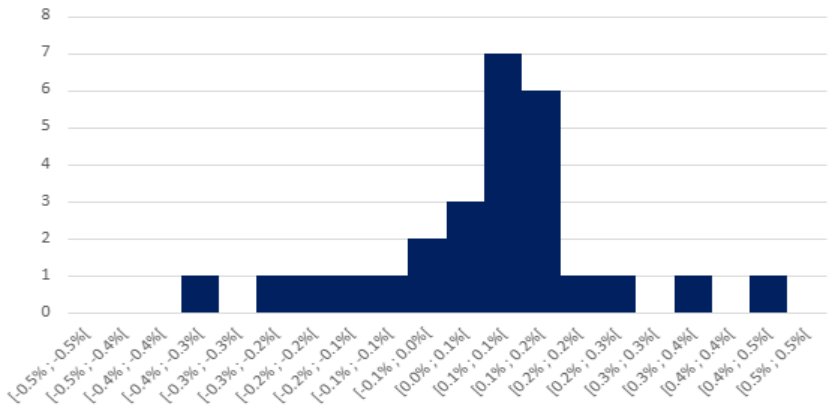
Portfolio

Value at Risk

VaR calculations

Histogram of portfolio weekly returns

From 30/09/2025 to 31/12/2025



Sample Statistics

Sample Statistics	Weekly	Annual
1 year	-	-
Mean	0.54%	32.22%
Std Dev	1.57%	11.33%
Pearson's Skewness Coef.	92.52%	

Weekly returns are approximately normally distributed, so the normality assumption in the following derivations will **asymptotically hold**. (n=52)

1. Parameter approach (Variance-covariance method)

Brief explanation: *The variance-covariance method is based on the assumption that stock and, consequently, portfolio returns are normally distributed around its mean. Due to this, the VaR value will simply be the lower-end of the confidence interval of the chosen confidence level (90%, 95% or 99%).*

$VaR(\alpha\,\%) = E(r_p) - z_{(1-\alpha)\%} * \sigma_p$ *, where* r_p *is the average portfolio return and* σ_p *is the portfolio's standard deviation.*

	Value at Risk (%)		
% / Time Period	6M	1Y	Inception
90%	14%	18%	-12%
95%	10%	14%	-18%
99%	2%	6%	-29%

2. Historical simulation approach (Daily VaR)

Brief explanation: *The historical simulation approach computes the value of first* $1-\alpha$ *th percentile returns of a certain time frame.*

	Value at Risk (%)		
% / Time Period	6M	1Y	Inception
90%	-6%	-9%	0%
95%	-8%	-13%	-16%
99%	-9%	-20%	-56%

3. Monte-Carlo simulation approach

Brief explanation: *The Monte-Carlo simulation is the most advanced approach to VaR out of the three methods. It creates an* x *"number" of iterations by supposing that stock prices (and, conversely, the portfolio itself) follow a strongly dependent stochastic process known as a random walk. To predict the future portfolio value, it is used a derivation of the Black-Scholes formula. Normal returns are assumed.*

$\frac{P_t}{P_0} = \exp\left[(r_f - \frac{1}{2} * \sigma_p^2) * \frac{t}{n} + \sigma_p\sqrt{\frac{t}{n}} * W_t\right]$ *, where* t/n *is the fraction of a given year (n=252, trading days),* P *the portfolio value and* W_t *is random normally distributed process.*

	Value at Risk (%)		
% / Time Period	6M	1Y	Inception
90%	-9%	-10%	-33%
95%	-11%	-14%	-42%
99%	-16%	-21%	-56%

Portfolio

Summary Statistics

Correlation matrix between securities

(From 30/09/2025 to 31/12/2025)

	META	ESPO.L	BN.PA	BA.L	EPD	MRN.PA	ITX.MC	G.MI	VOW3.DE	ATEN	ABBNY	VDTA.L	IKOR.L	JNJ	GOOGL	TMUS	MELI	AZN	EQB.TO	LEA	INGR	MC.PA	ARW	ZBH	GDX	NVO	RENE	DECK	VICI	BFIT	SN	IRDM
META	1																														
ESPO.L	0.50	1																													
BN.PA	0.02	-0.20	1																												
BA.L	0.03	0.14	-0.03	1																											
EPD	0.07	0.18	-0.01	0.11	1																										
MRN.PA	0.13	0.10	0.03	0.08	0.09	1																									
ITX.MC	0.23	0.23	-0.13	0.07	0.11	-0.02	1																								
G.MI	0.02	0.20	0.01	0.30	0.06	-0.09	-0.11	1																							
VOW3.DE	0.40	0.38	0.06	-0.01	0.16	-0.05	0.47	0.12	1																						
ATEN	0.19	0.31	-0.11	0.16	0.16	0.12	0.22	0.25	0.26	1																					
ABBNY	0.31	0.50	-0.23	0.07	0.16	0.12	0.20	0.09	0.27	0.27	1																				
VDTA.L	0.15	-0.01	0.14	-0.18	-0.14	0.00	0.09	-0.02	-0.17	-0.23	-0.12	1																			
IKOR.L	0.21	0.46	-0.12	0.23	-0.09	0.14	0.10	0.05	0.26	0.03	0.35	-0.17	1																		
JNJ	-0.23	-0.11	0.14	-0.25	0.11	0.18	-0.06	-0.13	-0.02	-0.19	0.04	0.05	-0.01	1																	
GOOGL	0.18	0.32	-0.30	-0.31	0.07	-0.10	0.11	-0.04	0.23	0.12	0.40	-0.13	0.35	0.10	1																
TMUS	0.17	-0.04	0.29	0.04	0.02	0.07	0.07	0.06	0.08	-0.22	-0.07	0.34	-0.13	0.06	-0.31	1															
MELI	0.24	0.21	0.14	0.08	0.15	0.12	0.05	0.16	0.22	0.19	0.20	-0.18	0.19	-0.11	0.26	0.03	1														
AZN	0.04	0.19	0.03	-0.19	0.20	-0.11	-0.02	-0.03	0.06	-0.13	0.15	0.14	-0.09	0.40	0.29	0.07	-0.18	1													
EQB.TO	0.18	0.13	-0.13	0.29	0.10	0.04	0.18	0.10	0.24	0.12	0.26	-0.08	-0.04	-0.24	0.05	-0.09	0.20	-0.11	1												
LEA	0.08	0.23	0.03	-0.09	0.12	0.01	0.17	0.08	0.28	0.34	0.17	0.12	-0.08	0.00	0.19	-0.23	0.14	0.05	0.17	1											
INGR	0.03	-0.10	0.02	-0.04	0.16	0.17	0.24	-0.05	0.13	0.18	0.23	0.04	-0.11	0.30	-0.04	0.17	-0.12	0.10	-0.01	0.37	1										
MC.PA	0.19	0.30	-0.01	-0.07	0.07	0.26	0.17	-0.29	0.14	-0.02	0.29	0.13	0.28	0.03	0.02	0.04	-0.13	-0.07	-0.02	0.09	0.10	1									
ARW	0.33	0.50	-0.02	0.07	0.13	0.19	0.23	0.09	0.35	0.43	0.35	0.01	0.09	-0.11	0.21	-0.11	0.21	0.09	0.20	0.50	0.12	0.14	1								
ZBH	-0.01	0.13	0.10	-0.14	-0.04	0.00	-0.07	-0.05	-0.07	-0.22	0.03	0.35	0.01	0.25	-0.03	0.17	-0.01	0.34	0.04	0.04	-0.05	0.07	0.12	1							
GDX	0.01	0.19	-0.26	0.00	0.12	0.20	0.10	0.09	0.05	0.05	0.42	-0.20	0.06	0.12	0.34	-0.24	0.01	-0.05	0.14	0.24	0.24	0.18	0.23	-0.12	1						
NVO	0.15	0.26	-0.03	0.03	0.10	0.17	0.29	0.07	0.24	0.10	0.46	-0.01	0.13	0.33	0.13	0.06	0.13	0.14	0.16	0.30	0.37	0.18	0.27	0.04	0.27	1					
RENE	-0.22	-0.03	0.02	0.12	-0.05	-0.12	-0.22	0.03	-0.03	-0.16	-0.15	-0.15	0.21	-0.03	0.02	-0.14	-0.23	-0.04	-0.19	-0.25	-0.28	-0.08	-0.23	-0.22	-0.07	-0.22	1				
DECK	0.17	0.20	0.14	0.07	0.13	0.60	0.14	-0.02	0.15	0.26	0.07	-0.06	0.00	0.07	-0.13	0.13	0.17	0.02	0.09	0.30	0.33	0.06	0.44	0.00	0.07	0.22	-0.24	1			
VICI	-0.04	0.13	0.08	0.00	0.02	0.16	0.10	-0.08	0.23	0.00	0.09	0.03	-0.04	0.23	-0.20	0.28	0.03	0.13	-0.03	0.13	0.23	0.16	0.16	0.18	0.00	0.15	-0.12	0.17	1		
BFIT	0.33	0.32	0.01	-0.17	-0.02	0.04	0.42	0.05	0.35	0.17	0.22	0.24	-0.09	-0.13	0.11	-0.20	-0.07	0.14	0.03	0.42	0.12	0.14	0.52	0.06	0.20	0.13	-0.19	0.32	0.07	1	
SN	0.14	0.01	0.17	-0.16	0.10	0.12	0.08	-0.12	0.05	0.07	0.14	0.17	0.03	0.38	0.14	0.24	-0.01	0.09	-0.12	-0.02	0.22	-0.02	0.13	0.24	0.07	-0.07	-0.02	0.02	0.20	0	1.00
IRDM	0.01	0.05	-0.16	0.06	0.07	0.12	0.17	-0.03	0.07	0.36	0.22	-0.27	0.10	0.18	0.22	-0.16	0.19	-0.02	0.22	0.22	0.19	0.07	0.25	0.07	0.15	0.19	-0.37	0.19	0.13	0	0.10	1.00

The portfolio delivered an **average daily return of 0.08%** during the quarter, reflecting **steady performance amid a more volatile market** backdrop.

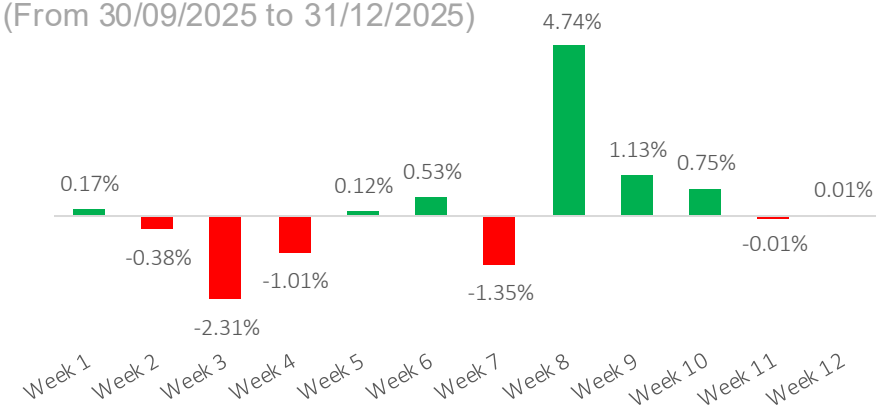
The fund exceeded the benchmark in **7 of the 12 weeks**, compared **with 4 in Q3**, as relative performance versus the benchmark was more **dispersed** across the quarter.

Valuation multiples were **slightly lower**, with **LTM P/E at 21,32** and **LTM EV/EBITDA at 13.44**, suggesting mild **multiples contraction,** while the portfolio still delivered **returns above the benchmark**.

Risk metrics remained stable, with **maximum weekly drawdown at -2,25%** and an **Annual VaR (95%) of -13,6%**, indicating contained **downside risk despite macroeconomic uncertainty**.

Weekly excess return over the benchmark

(From 30/09/2025 to 31/12/2025)



Basic Info		Performance	Inception
Total Equity	———	Sharpe Ratio	0.24
N of Shares	———	Sortino Ratio	0.34
Share Price	$131.86	Information Ratio	-0.45
Capital Invested (%)	88.12%	Jensen´s Alpha (α)	-0.0002%
Beta (β)	0.6770	Gross Returns per year	6.67%
Risk		**Valuation**	
Negative Weeks	5	Fund´s LTM P/E	21,32
Maximum Weekly Drawdown	-2,31%	Fund´s LTM P/S	3.29
Annual VaR (α=95%)	13,6%	Fund's LTM EV/EBITDA	13.44

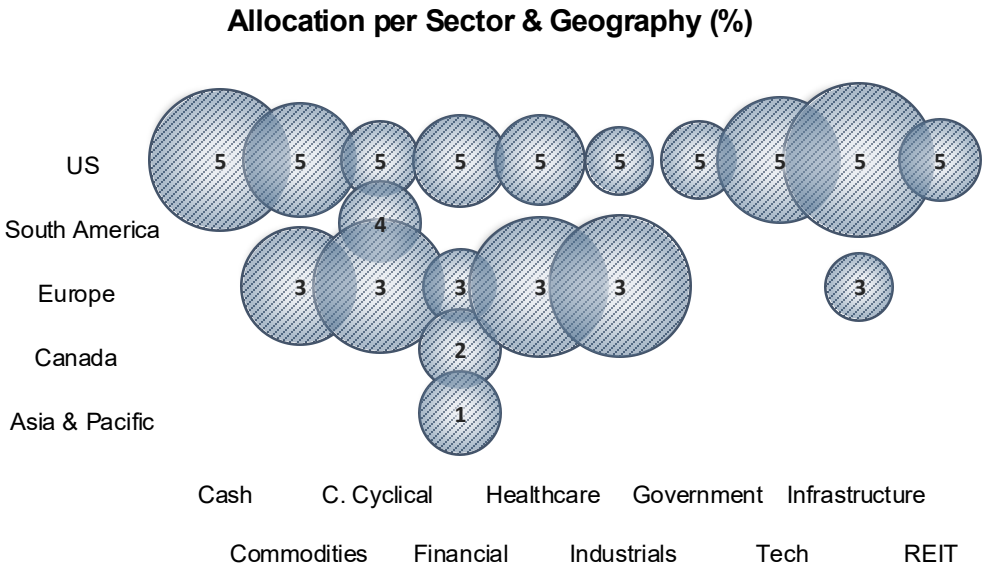
Allocation

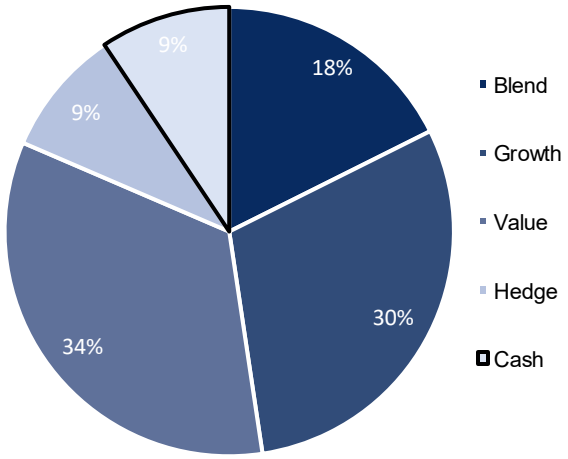
Current Allocation

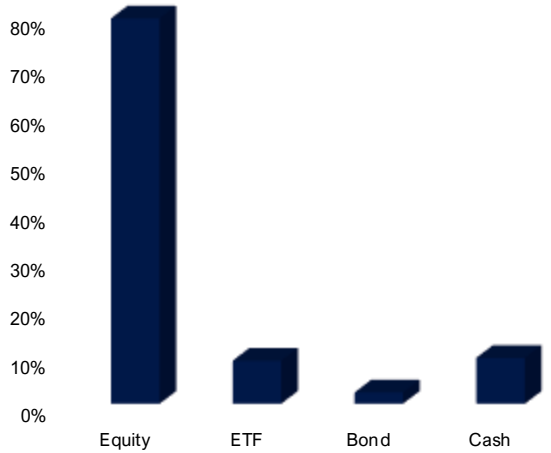
Rebalancing the Portfolio

The last quarter of 2025 was marked by the **continuation of the monetary policy pivot** that started during the summer. **The Federal Reserve delivered rate cuts toward the 3.50%-3.75%** range in December as inflation moved toward its target and labour-market indicators softened. At the same time, the **European Central Bank maintained its rate at 2.00%**. Since inflation is almost at a desired level (2%), the ECB's main concern was the wage growth across the euro area. The US equity market responded positively to the rate cuts, however, at the end of the period, volatility increased. In contrast, the European equity market remained more subdued compared to the US recorded gains in certain industries.

The fund's solid performance is directly related to **the gains in gold, technology, healthcare, and consumer discretionary positions.** Growth optimism in the AI sector and resilient consumption explains the returns of the technology and consumer discretionary positions. The healthcare and gold investments delivered strong results in response to the geopolitical tensions and uncertainties about the AI bubble. In general, **the NIC fund is well diversified in defensive positions, but at the same time have positive exposure to growth industries.**







Tactical Asset Allocation

Quarterly Macro Research

NIC Undergraduate Division Fund



Economic Cycles

Different asset classes perform heterogeneously given the economic environment at hand. By studying the world economic cycles, we try to be ahead of the curve through pre-emptive portfolio allocation adjustments.



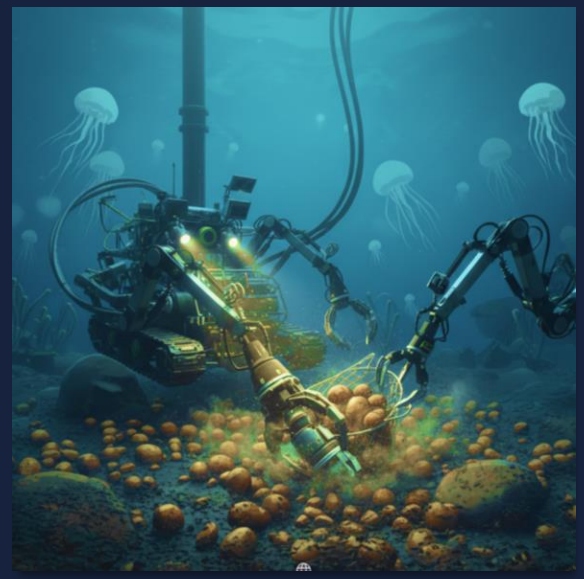
Educational Services

Educational services are becoming an increasingly strategic sector as demand for lifelong learning grows and economies shift toward knowledge-based industries. Digital platforms, professional training, and flexible learning formats are expanding rapidly. Stable enrollment, recurring tuition revenues, and strong public investment support long-term growth and resilience.



Railroads & Freight

Railroads and freight transportation remain critical to global supply chains, enabling the movement of bulk goods across long distances. Rising trade volumes, infrastructure investment, and the shift toward more fuel-efficient transport support steady demand. Long-term contracts and high barriers to entry contribute to stable revenues and resilient cash flows.



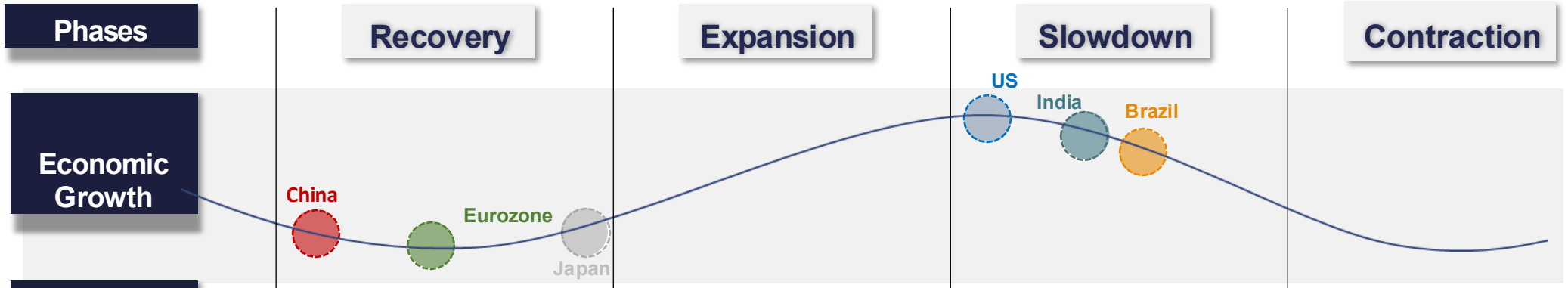
Rare Earths

Rare earth elements are becoming increasingly strategic as demand rises across clean energy, electric vehicles, and advanced electronics. Their key role in permanent magnets and high-tech manufacturing is driving investment in mining and processing. Limited supply and geopolitical concentration make the sector both critical and structurally constrained.

Tactical Asset Allocation

NIC Undergraduate Division Fund

Economic Cycles



Sources:

-Fidelity Institutional

-Invesco Ltd.

-S&P Global Ratings

Articles:

- "Where Are We in the Current Business Cycle?" – The Balance

- "Portfolio Management: Sector Rotation" – Investopedia

Tactical Asset Allocation

Quarterly Macro Research

NIC Undergraduate Division Fund



Educational Services



Railroads & Freight



Rare Earths

Tactical Asset Allocation

Educational Services (1/4)

NIC Undergraduate Division Fund

Industry Description

Educational services comprise providers of learning across the human life cycle, spanning **K-12 schools**, **higher education**, **corporate training/workforce upskilling**, specialized learning platforms and **EdTech**, including **online programs** and digital learning software. The global education market is expected to **grow at a 6.5% CAGR** through **2030**, reaching c.**$10 trillion**, supported by the steady **increase in education expenditure as a share of GDP**.

Private equity activity peaked during the pandemic, with **deal value rising to $4.24 billion in 2021**, a 162% increase from 2020, before **normalizing to $449.7 million as by 2025**. This surge reflected the **rapid digitalization** triggered by remote learning, as institutions accelerated technology adoption. While this created an **entry point for technological penetration in a traditionally conservative sector**, digitalization alone **does not fully explain** the industry's **investment appeal**.

Attractive characteristics for investment

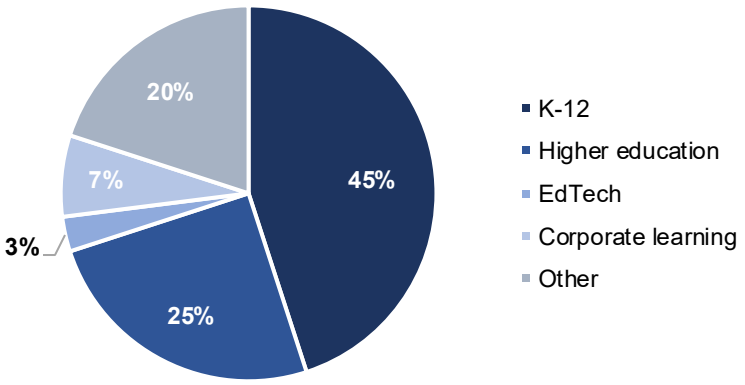
It has become an attractive investment segment, as it combines the **defensive nature of an essential service** with the scalability and **potential of technological penetration**. Providers operate as **service-based businesses**, generating revenues through tuition, program fees, subscriptions and long-term contracts. **Demand** is structurally **resilient**, as **spending on education** and professional training is **non-discretionary** and prioritized by households, corporations and governments even in economic downturns. This supports **recurring and predictable revenue streams**, with multi-year student and client commitments.

From a cost perspective, **capital expenditure** is typically moderate and **focused on maintenance or technology upgrades**, while **working capital needs remain low** due to minimal inventory and revenues are typically received in advance of academic schedules, **reducing cash flow generation volatility**.

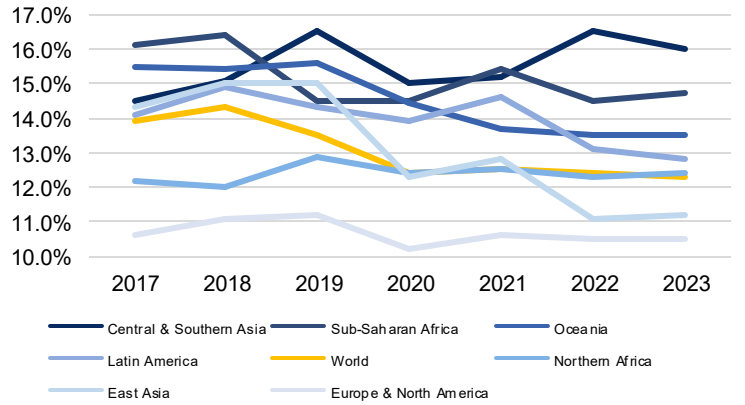
Geographical distribution

Education services are concentrated in **Asia and Europe / North America** by market size, but growth is strongest where governments raise the **priority of education spending**. Regions with **higher** and **rising education-spend shares,** notably **Central & Southern Asia** and **Sub-Saharan Africa**, typically sustain faster expansion. **Latin America** and **Northern Africa** are more moderate, while **Europe, North America and Oceania** are mature, with growth driven mainly by **credentials and corporate upskilling** rather than volume.

Market share by key verticals



Govt. spending on education, % total spending



Tactical Asset Allocation

Educational Services (2/4)

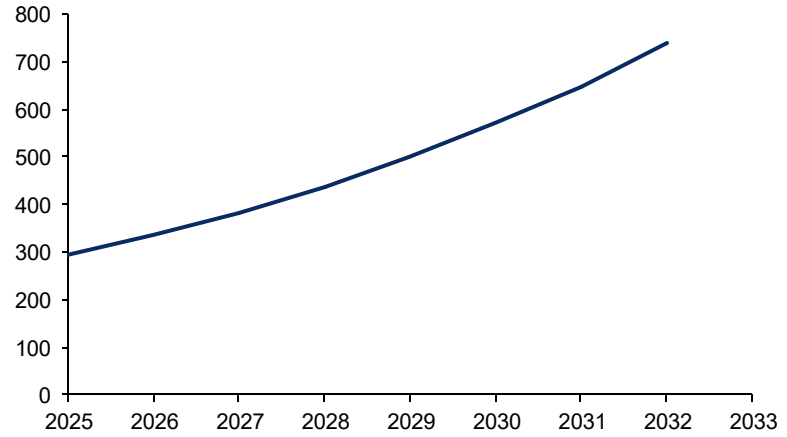
NIC Undergraduate Division Fund

Market Size & Segment Breakdown

Online education has assumed a central role in the evolution of the education sector in the United States, supported by sustained post pandemic growth and strong market indicators. In 2025, the U.S. e-learning market is projected to reach **$112.68 billion**, while online university education alone is expected to generate **$94 billion**, the largest revenue segment within the national e-learning industry. The number of online education users in the United States is forecast to reach **87.6 million by 2029**, and at institutional level many students continue to attend higher education courses fully or partially online as of 2022.

In K-12 education, digital intensity has increased markedly, with school districts accessing an average of **over 2,700 edtech tools during the 2023/24** school year, compared with **895 tools in 2018**; over half of teachers identify self paced learning, accessibility, and individualised education plans as the most significant impact. At a regional level, **North America holds the largest share of the global e-learning market** and is expected to grow at a compound annual rate of **10.3 percent by 2030**, reinforcing the United States' position as a leading contributor to global digital education growth. The expanding interest in artificial intelligence in classrooms further strengthens this trajectory, signalling continued investment and long-term integration of digital learning models across the education system.

Global E-learning Market Value ($B)

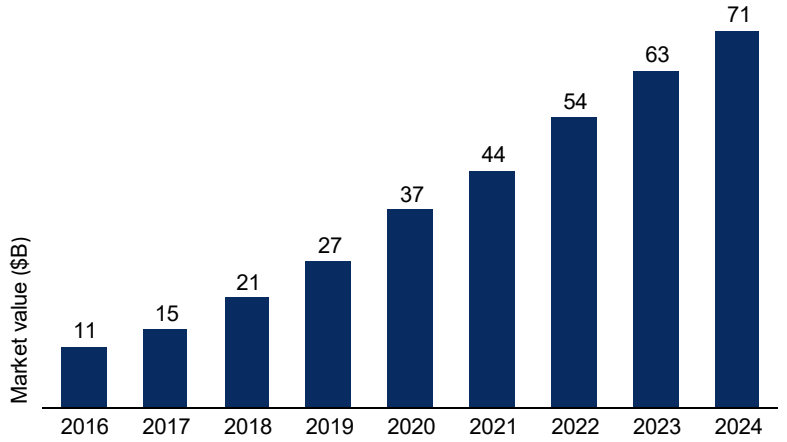


Emerging Markets

Emerging markets are becoming the primary engine of expansion in digital education, both through rapid regional growth and through the scale of unmet educational need. Globally, the e-learning market is valued at **$486.41 billion in 2025** and is expected to reach **$740.46 billion by 2032**, implying a **CAGR of 14.02%**, with **Asia Pacific** standing out as the fastest growing region at **17.1%**. China alone is expected to generate around **$40.43 billion in 2025**, and participation levels are projected to reach **736.6 million online learners across Asia by 2029**, signalling mass adoption at population scale.

The strongest long term demand drivers, however, lie in regions where access and learning outcomes remain structurally constrained: **over half of 10-year-olds in low- and middle-income countries cannot read and understand an age-appropriate text**, and **87 percent** of these children are in **Sub Saharan Africa**. In this context, future expansion depends less on novelty and more on practical scale, through mobile first and low bandwidth delivery as connectivity improves. Sub Saharan Africa could represent one of the largest long term growth frontiers for platforms and providers focused on access, foundational skills, and proper delivery.

Online Education in China



Tactical Asset Allocation

Educational Services (3/4)

NIC Undergraduate Division Fund

Future Outlook

The global education market is expected to grow at around **6.5% CAGR through 2030**, reaching close to **$10 trillion**, which supports a positive outlook for continued investment in the sector over the medium to long term. This growth is expected to be driven disproportionately by **emerging regions**, particularly **Asia-Pacific and Sub-Saharan Africa**, where population scale, rising education participation rates, and improving digital connectivity continue to increase demand for education services across multiple levels. In mature markets such as **Europe and North America**, growth is more incremental and tends to come from **value-added segments**, including online programs, professional training, and premium offerings, rather than higher enrolment volumes. Across verticals, the strongest contribution to growth is expected to come from **higher education**, **corporate learning and upskilling**, and **EdTech-enabled services**, as digital and hybrid delivery models scale efficiently and respond to changing labour market needs. Traditional **K-12 education** remains the largest segment by size, but it contributes less to incremental growth compared to these faster-expanding verticals.

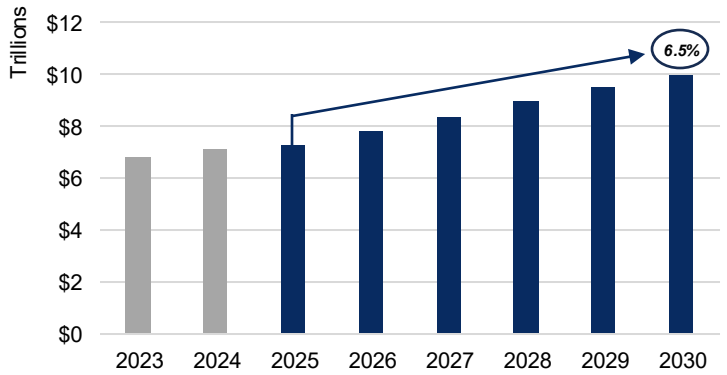
Main Risks

Despite this favourable outlook, **several risks may materially affect education businesses and investor returns**. In developed economies, the increase in average age combined with declining fertility rates is expected to reduce the size of the **school-age population**, constraining enrolment growth in K-12 and higher education and increasing competition for a smaller pool of students. This demographic dynamic places particular pressure on institutions that rely on domestic enrolment and volume-based revenue models, potentially leading to underutilized capacity and weaker operating leverage.

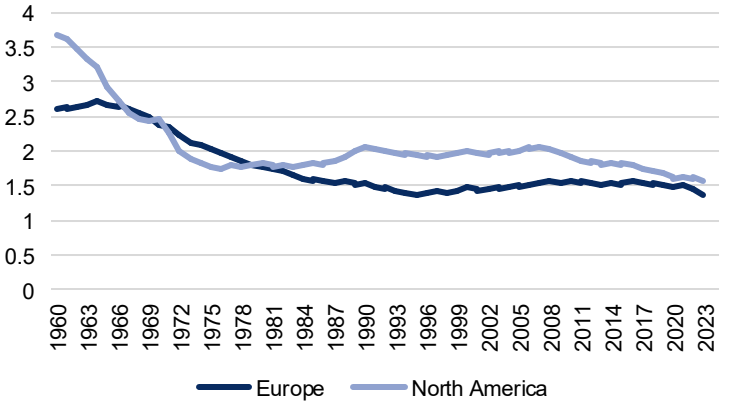
The sector's performance also remains **highly sensitive to government funding levels and policy decisions**, as public expenditure is a key pillar of education financing. Fiscal pressure, rising healthcare and pension costs in aging societies, and shifting policy priorities can limit education budgets, reduce institutional investment capacity, and push costs toward households, affecting affordability and demand stability.

In addition, **technological disruption and increasing competitive intensity** create ongoing pressure across both traditional and digital education segments. Rapid innovation lowers barriers to entry, increases substitution from scalable online and AI-enabled alternatives, and raises customer acquisition costs. At the same time, education providers are required to make continuous investments in technology, content, and delivery models to avoid obsolescence.

Global Education Market Revenue CAGR *(Projection)*



Fertility rate of developed regions



Tactical Asset Allocation

Educational services (4/4)

NIC Undergraduate Division Fund

Possible Investments

Graham Holdings Co. (NYSE: GHC)

- **EBITDA: $462.2M**
- **FCF: $355.9M**
- **Market Cap: $5.11B**
- **P/E ratio: 7.07x**

Laureate Education Inc. (NASDAQ: LAUR)

- **EBITDA: $480M**
- **FCF: $240.1M**
- **Market Cap: $5.11B**
- **P/E ratio: 25.93x**

Grand Canyon Education (NASDAQ: LOPE)

- **EBITDA: $336.3M**
- **FCF: $241.85M**
- **Market Cap: $4.98B**
- **P/E ratio: 24.25x**

Covista Inc. (NYSE: CVSA)*

- **EBITDA: $444.4M**
- **FCF: $323.2M**
- **Market Cap: $4.41B**
- **P/E ratio: 18.26x**

Stride Inc. (NYSE: LRN)

- **EBITDA: $556.9M**
- **FCF: $377.6M**
- **Market Cap: $3.21B**
- **P/E ratio: 11.25x**

Perdoceo Education Corp. (NASDAQ: PRDO)

- **EBITDA: $230.7M**
- **FCF: $194.8M**
- **Market Cap: $2.06B**
- **P/E ratio: 13.94x**

**Adtalem Education was rebranded as Covista*

- *All financial metrics are disclaimed in US dollars.*

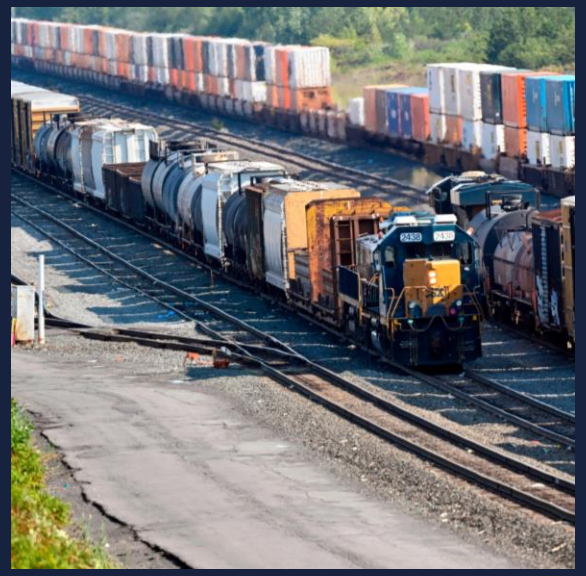
Tactical Asset Allocation

Quarterly Macro Research

NIC Undergraduate Division Fund



Educational Services



Railroads & Freight



Rare Earths

Tactical Asset Allocation

Railroads & Freight (1/4)

NIC Undergraduate Division Fund

Industry Overview

Railroads represent essential, **long-life transportation infrastructure supporting both freight and passenger mobility** across major economies. In the **United States alone, the rail network spans ~140,000 route-miles** operated primarily by seven Class I systems, while **Europe maintains more than 200,000 km of track**, reflecting the sector's scale and embedded role in national logistics. Freight rail moves a substantial share of heavy and bulk goods, accounting for **roughly 40% of U.S. long-distance freight ton-miles**, while **passenger systems in Europe carry billions of riders annually**, supporting dense urban and intercity corridors. The combination of **extensive physical networks, critical supply-chain integration, and continuous utilization** positions rail as a **systemically important infrastructure asset** with durable relevance across economic cycles**.**

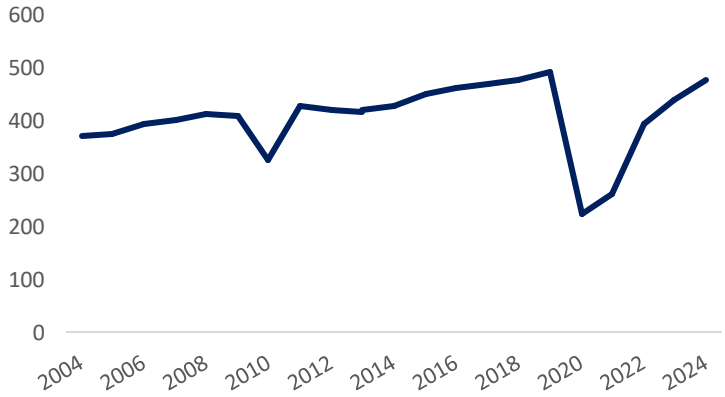
Structural Cost & Efficiency Advantage

Rail's cost advantage stems from **moving substantially larger volumes** with **fewer operating inputs per trip**. A single freight train typically carries **200–300+ truck-equivalent loads**, allowing one crew and a small number of locomotives to transport thousands of tons simultaneously. Average **rail hauls in the U.S. exceed 700–1,000 miles per shipment**, distances at which consolidating volume into single train movements materially **lowers labor, fuel, and equipment costs** relative to **road transport**. Because **staffing and power requirements** scale minimally with **incremental tonnage, higher throughput translates into structurally lower cost per ton-mile**, making rail the most economical inland option for heavy and long-distance freight flows.

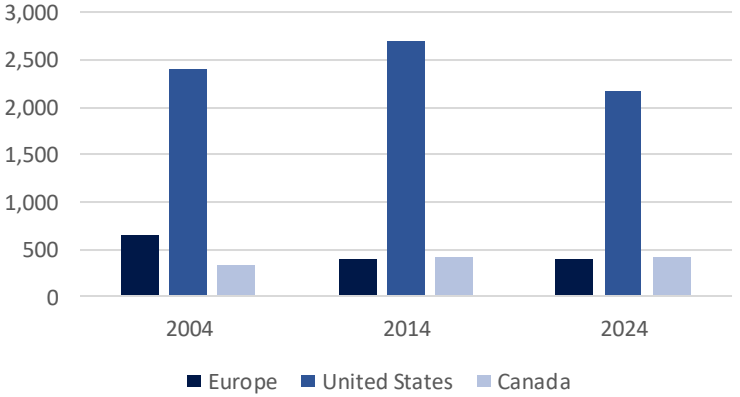
Network Effects & Competitive Moat

Rail networks exhibit **strong barriers to entry driven by their scale**, capital intensity, and regulatory complexity. In the **U.S., roughly 140,000 route-miles are operated primarily by seven Class I carriers**, reflecting a highly concentrated structure. Replicating **nationwide track, terminals, and rights-of-way would require decades of permitting and billions in capital**, making **new competition economically unviable**. These embedded networks create **durable market positions** and support long-term stability for incumbent operators.

European Rail Passenger Traffic (thousand)



Freight transport (thousand tonne-kilometres)



Sources: Eurostat, OECD

Tactical Asset Allocation

Railroads & Freight (2/4)

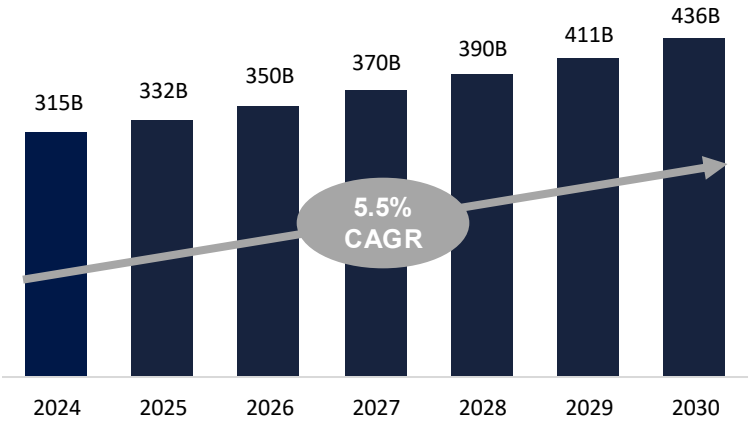
Market Size & Segment Breakdown

The global railroad market is projected to grow from **USD 314.8 billion in 2024 to USD 436.4 billion by 2030**, representing a **5.5% CAGR**. While North America commands nearly **30% of global revenue** through its dominant freight networks, the European market represents a highly valued **28.1% share** increasingly focused on digital infrastructure. Globally, **passenger rail is the largest segment**, accounting for approximately **60% of total industry revenue**, while the freight segment is valued at **USD 98.9 billion**. In the U.S., rail's strategic importance is cemented by its **40% share of all freight ton-miles**. High capital requirements for established networks sustain incumbent pricing power and competitive positioning, while the integration of **intermodal services** bridges the gap between maritime and road transport with superior reliability.

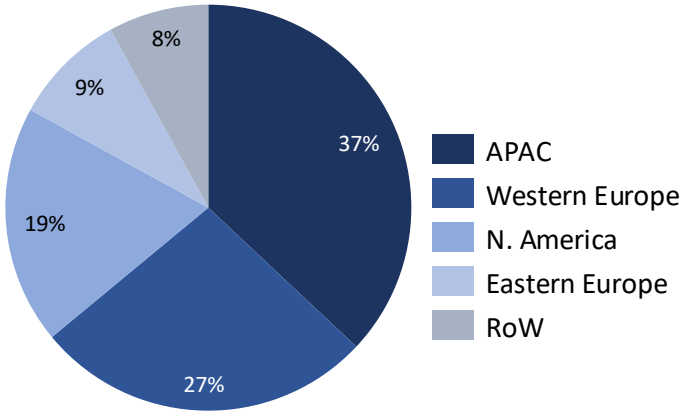
Demand Drivers

Rail's primary catalyst remains its structural efficiency; trains move one ton of freight nearly **470-500 miles per gallon**, making them **three to four times more fuel-efficient than trucks**. This efficiency, combined with **75% lower greenhouse gas emissions** than road transport, aligns the sector with intensifying ESG mandates and corporate sustainability goals. Modernization efforts, such as the **European Rail Traffic Management System (ERTMS)** and AI-driven predictive maintenance, are further enhancing capacity and reducing operational downtime. However, the sector faces a "soft patch" in early 2026, with weekly reports indicating **volume declines of approximately 4% year-over-year**. Tactical invalidation of this overweight position would occur if the **U.S. Manufacturing PMI falls below 45**, signaling deep industrial contraction. Additional risks include regulatory scrutiny of major rail consolidations and potential cost-convergence from **autonomous trucking technology**.

Global Railroad Market ($B)



Market Share by Region (2025)



Sources: Grand View Research, Bain & Company

Tactical Asset Allocation

Railroads & Freight (3/4)

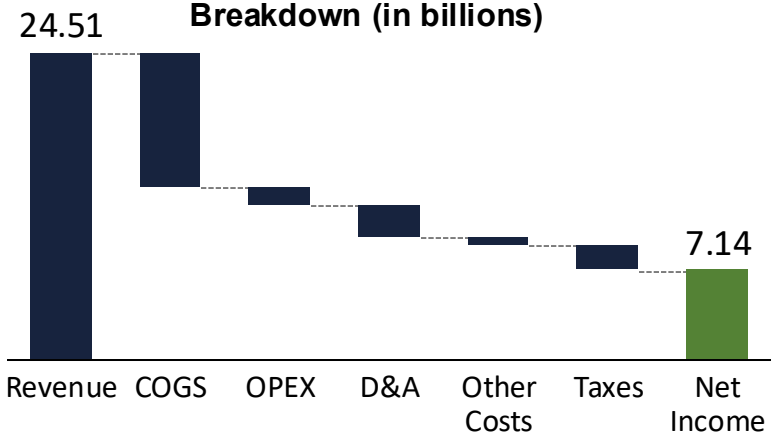
Operating Model & Financial Profile

Freight rail companies operate a **capital-intensive**, **asset-heavy** model focused on long-haul cargo movement over proprietary networks, generating **revenue primarily from volume-based freight tariffs** and **intermodal services**. Because carriers incur **high fixed costs** in track and infrastructure but relatively **low variable costs per ton-mile**, the model exhibits meaningful operating leverage: once volumes stabilize, **incremental revenue contributes disproportionately to earnings**. Railroads also reinvest a significant portion of revenues, around **17–20%** annually, into CAPEX. This investment intensity supports **strong cash flow generation** and has historically translated into **healthy operating margins**, with select companies consistently reporting margins above 30 % despite cyclical volume swings. The combination of **stable pricing power**, **relatively predictable revenue streams**, and **disciplined capital expenditure** underpins freight rail's financial profile, making it a defensive, cash-generative segment within broader transportation exposure.

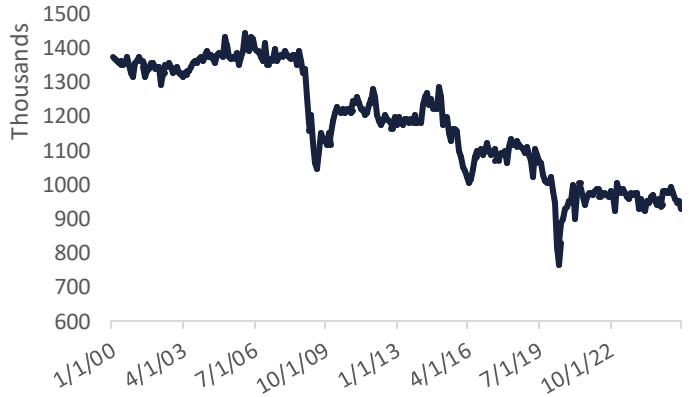
Risks

Despite its structural strengths, the freight rail industry faces clear risks that could constrain performance or delay a re-rating. **Demand remains uneven and volatile**, as reflected in recent results from major carriers like **Union Pacific**, whose intermodal revenue fell about **9 % year-over-year** amid softer freight demand and macro pressures. Regulatory and competitive uncertainty is also prominent: the proposed **$85 billion Union Pacific-Norfolk Southern merger** has drawn strong opposition from state attorneys general and shipper groups concerned it would reduce competition and raise costs, and the regulatory review could take **12–18 months**. **Safety and operational issues** continue to attract scrutiny, highlighted by industry resistance to broader adoption of federal near-miss reporting programs even years after high-profile derailments. In addition, freight rail remains exposed to **weather-related disruptions**, with severe winter storms recently threatening **to snarl central U.S. rail corridors and delay shipments**, illustrating how natural events can materially impact network reliability. These factors, coupled with evolving modal competition and technological shifts in trucking and intermodal logistics, mean rail's advantages are not immune to execution, regulatory, or external shocks.

Union Pacific Corporation Operating Model Breakdown (in billions)



Rail Freight Carload (2000-2025)



Sources: Reuters, TradingView Screener, U.S. Bureau of Transportation Statistics

Tactical Asset Allocation

Railroads & Freight (4/4)

Possible Investments

Union Pacific Corporation (NYSE: UNP)

- **Market Cap: 157.24 Bn**
- **EBIT Margin: 39.51 %**
- **P/B: 8.51**
- **P/E (FWD): 21.23**

CSX Corporation (NASDAQ: CSX)

- **Market Cap: 79.40 Bn**
- **EBIT Margin: 44.65 %**
- **P/B: 6.04**
- **P/E (FWD): 23.09**

Norfolk Southern Corporation (NYSE: NSC)

- **Market Cap: 70.68 Bn**
- **EBIT Margin: 48.03 %**
- **P/B: 4.55**
- **P/E (FWD): 25.45**

Canadian National Railway (NYSE: CNI)

- **Market Cap: 68.43 Bn**
- **EBIT Margin: 52.67 %**
- **P/B: 4.35**
- **P/E (FWD): 19.34**

Canadian Pacific Kansas City (NYSE: CP)

- **Market Cap: 78.40 Bn**
- **EBIT Margin: 55.56%**
- **P/B: 2.34**
- **P/E (FWD): 22.94**

Aurizon Holdings (ASX: AZJ)

- **Market Cap: 7.01 Bn**
- **EBIT Margin: 39.50%**
- **P/B: 1.69**
- **P/E (FWD): 14.56**

- *All financial metrics are disclaimed in US dollars.*

Tactical Asset Allocation

Quarterly Macro Research

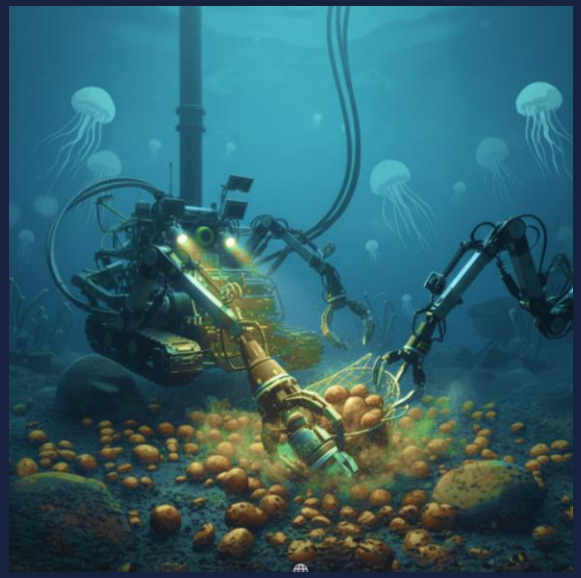
NIC Undergraduate Division Fund



Educational Services



Railroads & Freight



Rare Earths

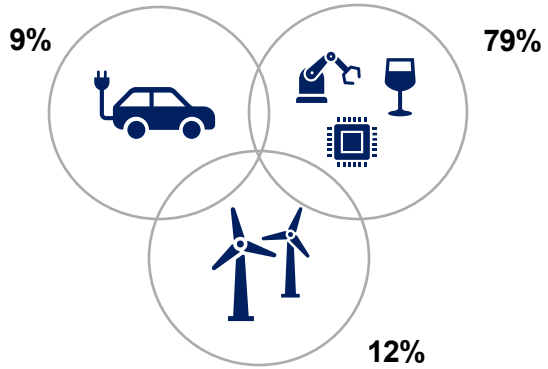
Tactical Asset Allocation

Rare Earths (1/5)

Applications

REEs have **unique properties** (magnetic, phosphorescent and catalytic) that play an essential role in many industries.

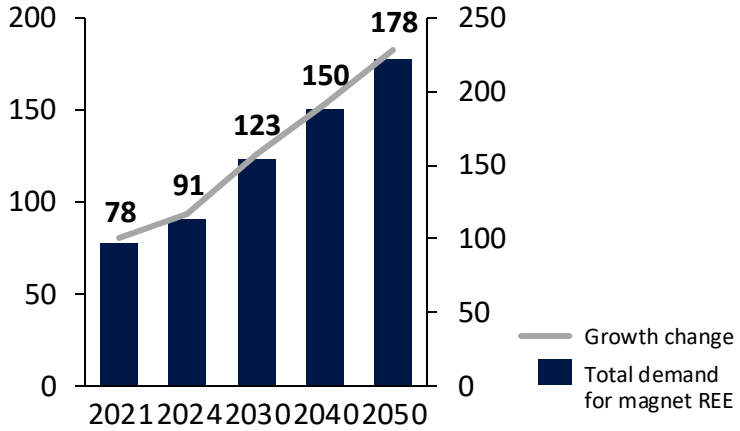
By being able to produce magnets that support high temperatures, they are pivotal in **energy transition technologies.**



Demand for magnet REE

The demand for REEs increased **17%** from **2021 to 2024**. In the **next 5 years**, it is expected to grow **35%**.

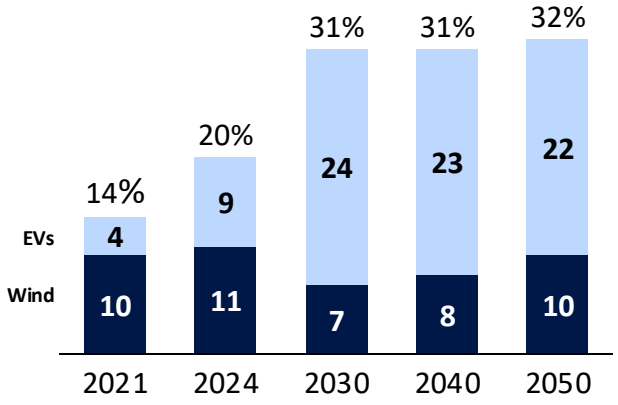
Electric vehicles are the main subject, having driven **9%** of the demand and expected to get to **22-25%** in **2050**.



Share of clean energy on total demand

The share of clean energy on the demand for REEs is expected to **keep increasing**, reaching a **steady growth** by **2030**.

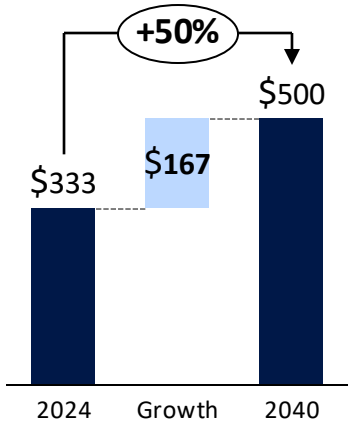
While **wind generation** maintains a **constant growth**, the real **'explosion'** in **demand** is coming from the **automotive sector**.



Market size metrics

The market value of critical minerals is expected to increase reaching USD **50% by 2040,** 500 billion by 2040.

Meeting such demand will require an **allocation of capital** to develop **mining** and **refining infrastructure** over the next decade.



Tactical Asset Allocation

Rare Earths (2/5)

Converting raw earth deposits into advanced permanent magnets critical for modern technologies

Ion-adsorption clays (chemical washing)
- Rare earths are released from soil using chemical solutions
- Typically, richer in **heavy rare earths (Dy, Tb)**
- **Dominant in Southern China**

How it works?
Gravity and magnetic separation remove lighter or non-magnetic waste and flotation further concentrates rare earth minerals **using chemical reagents**

How it works?
Purified rare earth oxides are converted into metals **by removing oxygen at high temperatures** in controlled environments

Mineral Extraction → **Ore concentration** → **Element separation** → **Metal production** → **Alloy development**

Hard-rock deposits (traditional mining)
- Open-pit/underground mining of rare-earth bearing ores (e.g., bastnäsite, monazite)
- Higher capex since it requires downstream processing to create concentrate
- **Common outside China** (Australia, US, Africa)

What is it?
After chemical processing, rare earths exist as a mixed solution. This stage **separates** that mixture **into individual elements** (e.g. Nd, Pr, Dy) at ultra-high purity levels required for magnets
- The **most complex and capacity-constrained** stage

Final magnet manufacturing
Rare earth metals are **combined with iron and boron to produce** high-performance **permanent magnets**. The material is processed into fine powders, aligned in magnetic fields, and sintered at high temperatures to achieve strength and precision

End-Use Applications

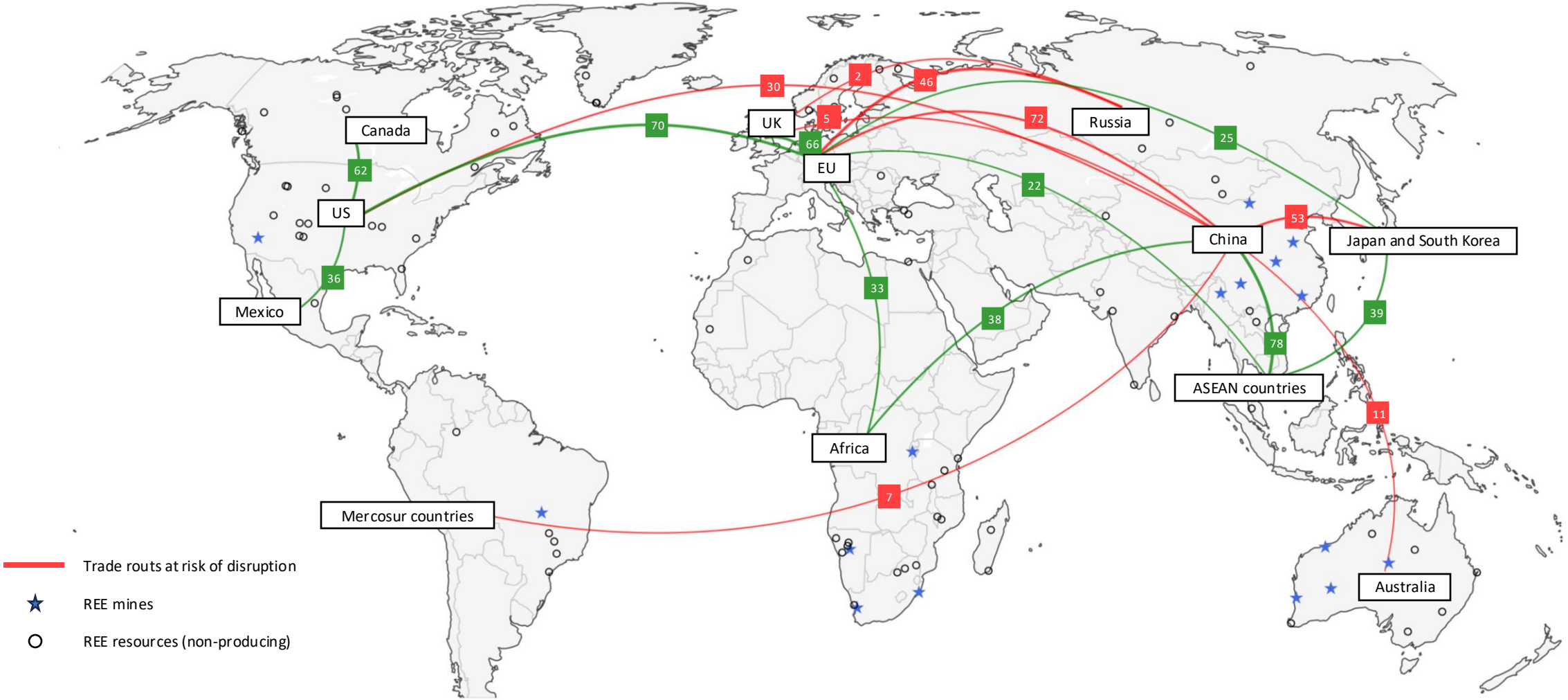
Electric vehicles
Wind turbines
Consumer electronics
Industrial automation & robotics
Energy & grid infrastructure
Defense and security applications

Sources: National Energy Technology Laboratory, U.S. Department of Energy

Tactical Asset Allocation

Rare Earths (3/5)

Rare Earths: Major global trade flows ($billions) and mining locations



Sources: BCG, British Geological Survey

Tactical Asset Allocation

Rare Earths (4/5)

Geopolitical Impact on the Industry

By 2025, rare earths have become the **emblem of the geopolitical fight** over critical minerals, a proxy for the West's struggle to unwind decades of dependence on China-dominated supply chains. Their strategic importance lies **not in rarity, but in segmentation,** as they're essential, for example, in the technologic and energetic sectors.

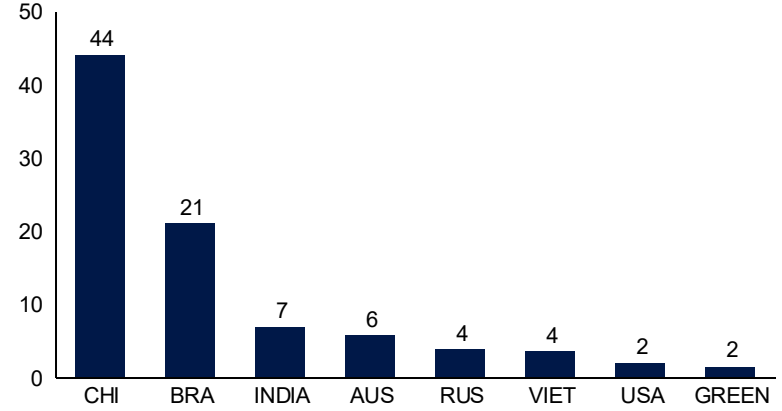
As the relationship between China and the US deteriorates, **rare earths increasingly become a lever within the broader US–China** trade and technology confrontation. While the European Union and the United States have rushed to support domestic rare earth mining and refining capacity, these efforts are widely seen as insufficient and late, given the scale of China's entrenched dominance across the value chain, with c. 66% of global mining output and close to 90% of refining capacity. Beijing has shown a clear **willingness to weaponize this supply chain control**: in 2024, China introduced a new wave of export controls, unsettling global manufacturers dependent on Chinese supply across consumer, industrial and military applications. Although the October summit between Trump and Xi Jinping set a **trade war truce**, the episode demonstrated China's capacity to disrupt global supply at will. In an era of accelerating technological competition, **control over this bottleneck translates into geopolitical leverage,** giving China a significant advantage in **undermining the post-war American-led world order**.

With renewed focus on South America and Mercosur, the United States and the European Union are courting **Brazil's vast but untapped rare earth reserves** as both seek to diversify away from China's dominance in critical minerals. Last year also saw strategic agreements with countries like **Australia and the Democratic Republic of Congo.** On the Arctic, **Greenland's** significant rare earth potential has drawn Trump's attention, and while Denmark previously signalled **openness to US mining licences**, recent political developments have made that commitment **less certain**.

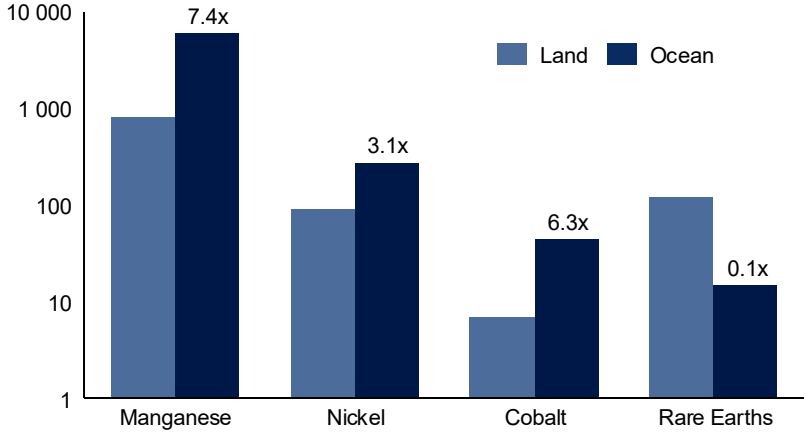
Deep-Sea Mining

Alongside terrestrial diversification, **deep-sea mining** has emerged as a **potential long-term alternative** source of critical minerals. **Japan and the US** have stepped up exploration of polymetallic nodules in the Pacific, while private actors such as **The Metals Company** are positioning themselves at the forefront of commercial deep-sea extraction. These nodules contain high concentrations of nickel, cobalt, manganese and rare earth-related elements, offering a theoretical pathway to reduce dependence on China-dominated supply chains. However, **regulatory uncertainty, environmental concerns and the absence of a fully developed international framework** mean ocean mining remains strategically attractive but commercially and politically unresolved.

Greatest reserves of rare earths in 2024 (in million tones of rare earth oxide)



Amount of metals in manganese nodules compared to land-based reserves (Metric Tons)



Sources: FT, The Metals Company, International Seabed Authority

Tactical Asset Allocation

Rare Earths (5/5)

Possible Investments

Lynas Rare Earths Ltd (OTCM: LYSCF)

- **FCF Yield: -3,9 %**
- **Market Cap: 10.34 Bn**
- **P/E ratio: 83.76**
- **EV/revenue: 14.54**

MP Materials Corp (NYSE: MP)

- **FCF Yield: -6,65 %**
- **Market Cap: 10.04 Bn**
- **P/E ratio: 61.11**
- **EV/revenue: 12.81**

Chengxin Lithium Group Co Ltd (XSHE: 002240)

- **EV/revenue: 8.95**
- **FCF Yield: -8.27%**
- **Market Cap: 4.50 Bn**
- **P/E ratio: 21.30**

TMC the metals company Inc (NASDAQ: TMC)

- **EBITDA: -111.4**
- **FCF Yield: -12.20**
- **Market Cap: 2.55 Bn**
- **P/E ratio: 3.63**

Okta Inc (NASDAQ: OKTA)

- **EBITDA: -11.9**
- **FCF Yield: -10.15 %**
- **Market Cap: 0.73 Bn**
- **P/E ratio: -0.4**

Sumitomo Metal Mining Co Ltd (TYO: 5713)

- **EBITDA: 1.05 Bn**
- **FCF Yield: 3.64 %**
- **Market Cap: 16.36 Bn**
- **P/E ratio: 19.93**

- *All financial metrics are disclaimed in US dollars.*

Position Revaluation

Motivation

The **Position Revaluation** is the section where some of our positions will be critically evaluated regarding the relevance of the proposed investment thesis in the current environment, business risk analysis, Intrinsic and Comps Valuation, etc. The positions being revaluated this quarter are:

Danone
(BN.PA)
Food & Beverage

Proposed Decision:
Sell

Novo Nordisk
(NVO)
Pharma

Proposed Decision:
Reinforcement

BAE Systems
(BA.L)
Industrials

Proposed Decision:
Reduction

Position Revaluation

Danone S.A. (BN.PA)



Position Revaluation

Danone S.A. (BN.PA)

NIC Undergraduate Division Fund

Business Description

Danone S.A. is a leading global food and beverage company headquartered in France, operating in more than 120 countries and generating **€27,4 billion in sales** in 2024. The group operates across three core business areas, with **Essential Dairy and Plant-Based** products accounting for **48,3%** of sales, supported by brands such as **Danone**, **Activia**, **Oikos**, **Alpro** and **Silk**, **Specialized Nutritio**n contributing **33,5%**, driven by infant formula and medical nutrition brands including **Aptamil**, and **Waters** representing **18,2%** of revenues, led by global franchises such as **Evian**, **Volvic** and **AQUA**.

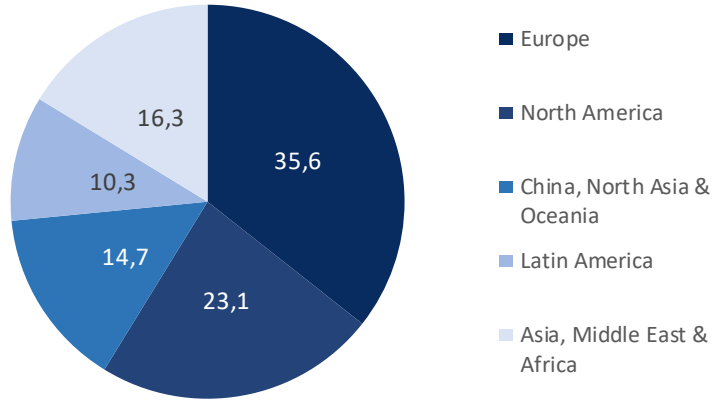
Previous Investment Thesis

The fund initiated a position in Danone in October 2020 at a **share price of €46.9**, following a sharp decline that brought the stock to its **one-year low**, viewing the shares as a **buy** below its **fair value estimate of €63.2**. The investment thesis was based on Danone's portfolio of leading brands, its exposure to **long-term growth trends in health-focused** nutrition, and its **diversified geographic footprint**. At the time, the company was also undertaking a **portfolio review to divest underperforming assets**, alongside a **transition in its CFO role**, which was expected to support improved execution and capital allocation. Danone's **robust balance sheet** was also viewed as providing flexibility to invest in its strongest brands and reposition the business for a post-pandemic environment.

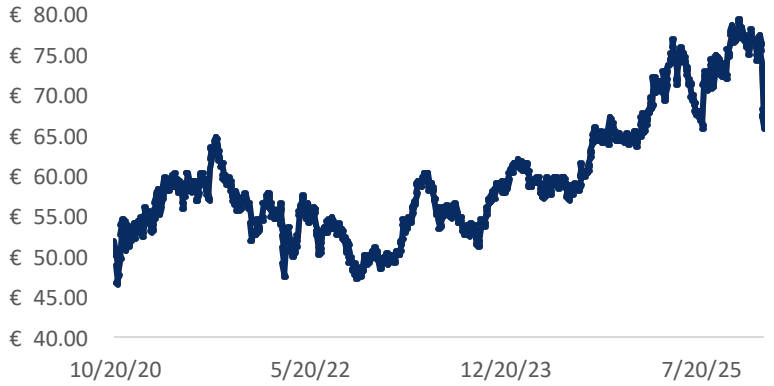
Current Situation

Although results for Q4 2025 have not yet been published, Danone's performance throughout the year remained robust. In Q3 2025, the group reported a **like-for-like (LFL) sales growth of +4.8%**, driven by a healthy **+3.2% volume/mix** and +1.6% pricing. This growth was primarily spearheaded by the **Specialized Nutrition** segment (+8.3%), while **EDP** and **Waters** also maintained positive trajectories (+3.5% and +2.3% respectively). Analysts expect this momentum to carry into Q4 with a consensus growth of 4.3%, further validated by a **+3.4% increase in Recurring EPS**, reflecting improved operational leverage. These results support the **"Renew Danone"** strategy toward high-growth, science-led categories such as protein and medical nutrition. To fund this transition, the company leveraged its **record Free Cash Flow of €3Bn** to complete the acquisitions of **Kate Farms** and **The Akkermansia Company**, which contributed a **+0.7% scope effect** to sales. However, the start of the year faces a near-term headwind following the **recall of infant formula batches** in several European and Asian countries which may pressure margins in the high-performing Specialized Nutrition division. The estimated **cost of recalls** sits between **50 million to 350 million** and the stock price already responded to the recent news, having dropped almost 8% in the last month.

Revenue Breakdown by Geography (%)



Danone's Share Price Performance



Sources: Danone, Bloomberg News

Position Revaluation

Danone S.A. (BN.PA)

Financial Analysis

Danone has been reporting modest sales growth over the last few financial years, with **the revenue of 2022 being the highest of the last 4 years. The company has reduced cost of goods sold, with almost 8% contraction since 2022.** However, sectoral competitiveness caused rises in operating expenses, notably **SG&A and marketing expenses, with increasing 6.37% and 4.41% over the last three years, respectively.** Danone operates in an extremely competitive industry, having similar multiples with its peers and limited upside potential. The enterprise has **higher EV/EBITDA than its main peer Unilever (14.0x vs 12.6x) while having less EV/revenue (2.83x vs 2.89)**, suggesting comparatively lower EBITDA margins and weaker conversion of revenue into operating profitability.

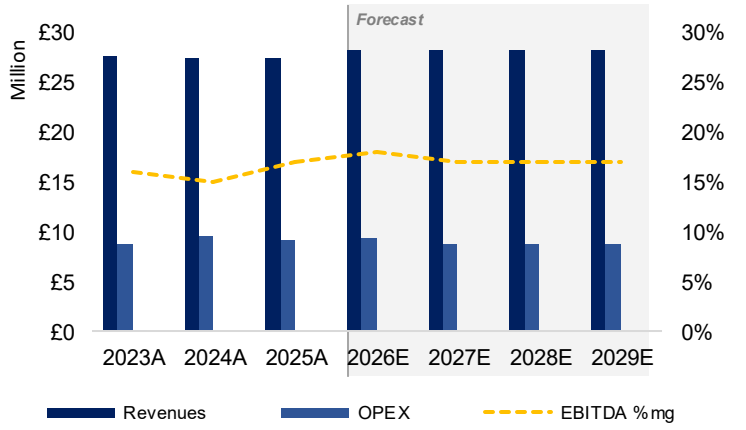
Strategy Analysis

Danone's is refocusing its strategy, shifting from a FMCG profile toward a **health and nutrition centered consumer goods company**. Under the Renew Danone agenda, the group has exited low-return geographies while reinforcing exposure to structurally attractive categories such as **specialized nutrition, protein, and gut health**, where the company can leverage **brand equity and science-based benefits** to sustain value-led growth. This shift is verified by sustained **R&D spending of c. 1.6% of sales**, focused on medical, infant, and functional nutrition. After navigating a severe input-cost inflation cycle, Danone has **restored pricing power** across most regions, while the group's **ongoing productivity programme** (automation and supply-chain simplification) aims to structurally lift operating margins. Overall, management's long-term ambition is to position Danone as a global **reference in science-based nutrition**, where **brand credibility and innovation** form durable competitive advantages rather than scale alone.

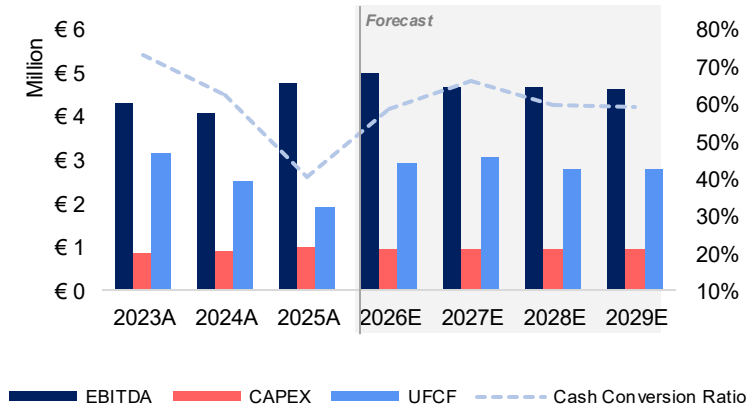
Final Investment Thesis and Position Suggestion

In a competitive market segment with low expansion potential, Danone has **struggled to sustain revenue growth or increase its margins.** Although marketing strategies and successful products such as YoPro and Danacol have supported performance, they have not been sufficient to meaningfully optimize operations. **The limited upside potential of the European company is the main reason for exiting the position.**

Financial analysis - Operational



Financial Analysis – Cash Conversion



Position Revaluation

Novo Nordisk (NVO)



Position Revaluation

Novo Nordisk (NVO)

NIC Undergraduate Division Fund

Business Description

Novo Nordisk is a **Denmark-based pharmaceutical** company focused on **diabetes care** and **obesity treatment**. The company's growth is primarily driven by **GLP-1 therapies** such as **Ozempic** and **Wegovy**, which represent the majority of current revenue. Novo Nordisk operates an **integrated model** spanning R&D, manufacturing, and global commercialization, and generates a **large share of sales from North America** alongside strong exposure to international markets.

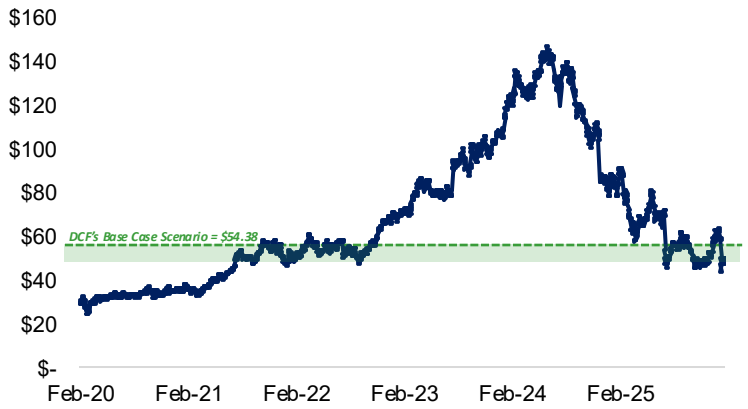
Previous Investment Thesis

The original thesis for Novo Nordisk was anchored on the view that the company was **structurally positioned to benefit from a multi-year expansion in metabolic disease treatment**, supported by accelerating global obesity and diabetes prevalence, creating a **long-duration demand tailwind for GLP-1 therapies**. From a valuation perspective, the investment case was strengthened by Novo Nordisk trading at **low multiples**, with Eli Lilly identified as the only truly comparable, suggesting the **market was not fully pricing Novo's value**. The thesis also explicitly considered key downside risks, including **supply chain strain and capacity limitations, intensifying competition in GLP-1s**, **and regulatory scrutiny**, any of which could pressure market share, pricing, or the pace of growth.

Current Situation

Over the last 12 months, **Novo Nordisk's share price has meaningfully de-rated** (down roughly ~40-50%), with the steepest move occurring after **management reset expectations for 2026**. Sentiment around the company is currently clearly **cautious-to-negative**, mainly because of concerns **over lower realized prices in the U.S.**, **increasing payer pressure**, and the **growing strength of Eli Lilly**, which is pulling forward the narrative of market share and margin compression. Novo's **FY2025 results were still strong on an absolute basis**, supported by continued momentum in diabetes and obesity products, but the key takeaway was that **growth is becoming more dependent on volume and access rather than pricing power**, while remain elevated. Looking into 2026, management's outlook implies a much weaker year than the market had expected, with **sales and operating profit potentially declining 5%-13% YoY**, reinforcing the current pessimism and explaining why the stock has re-rated lower despite the long-term structural growth of the GLP-1 category.

Novo Nordisk Share Price Performance



Comparable Analysis

	Lilly	Roche	AstraZeneca	Pfizer	novo nordisk
FCF CAGR 3Y	19.7%	1.2%	8.6%	-30.9%	-1.8%
Profit Margin	34.4%	17.9%	15%	1.4%	34%
EV/EBITDA	31.2x	14.4x	17.3x	10.1x	10.1x
P/E ratio	46.6x	23.3x	30.4x	19.6x	13.6x

Position Revaluation

Novo Nordisk (NVO)

Financial Analysis

Novo Nordisk delivered another strong FY2025, with **revenue up 11.1%** to $46.7bn and **operating income** broadly stable at $20.4bn **(+4% YoY**), supported by sustained GLP-1 demand but with slower operating leverage. **Gross margin** remained high at **81%** and **EBITDA margin** reached **48%**.
Cash generation weakened in 2024 and 2025 as **capex rose** sharply **from $6.9bn in 2023** to **$18.3bn and $15.4bn**, reflecting **major manufacturing expansion**. Despite a **projected 5% to 13% revenue decline in 2026**, we expect the company to **stabilize thereafter**, delivering **~4.5% revenue CAGR**.
EBITDA margin is forecast to **improve from 48.2%** in 2026 **to 51.6%** by 2030, driven by gradual operating cost efficiencies. **Capex** is expected **to fall to $8.7bn** in 2026 before normalizing upward, enabling **stronger cash generation**, with **conversion ratios** rising **from 14.7%** in 2025 **to ~35%** by 2030, but still below 2023's 89.9%.

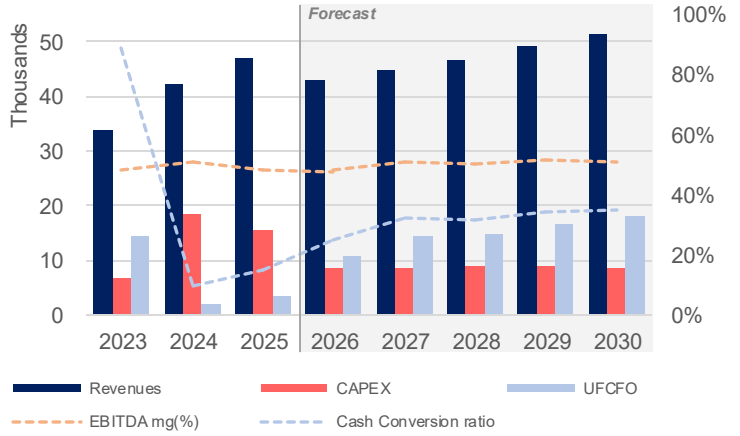
Strategy Analysis

Novo Nordisk's 2025–26 strategy is focused on **limiting competitive share losses in GLP-1** and **restoring pricing power** amid pressure from Eli Lilly. The company is **accelerating commercial initiatives**, including the U.S. rollout of **oral Wegovy**, new presentation formats, and **higher doses to strengthen efficacy** and convenience, while **securing preferred formulary placement** with major payers to defend volumes despite softer realized prices. In parallel, Novo is **expanding manufacturing capacity** to remove supply constraints, advancing next-generation metabolic and cardiometabolic pipeline assets, and **restructuring internally** to concentrate resources on priority markets and innovation.

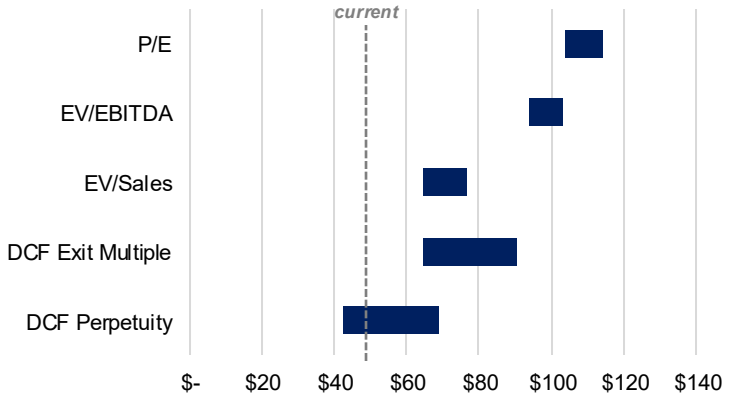
Final Investment Thesis and Position Suggestion

A **reinforcement** of the position **in Novo Nordisk is recommended** to **lower the Dollar Cost Average** by capitalizing on the current undervaluation, **targeting a DCA below $60** without materially increasing fund exposure.
While the company faces stronger competition and pricing pressure in key markets such as the U.S., likely weighing on revenues in 2026, the **major manufacturing expansion** of the past two years should **boost capacity and geographic expansion**, supporting demand and protecting market share. With the **peak of the investment cycle likely behind it** and capex expected to normalize, **cash-flow generation should improve**, alongside stable **mid-single-digit revenue growth**.

Financial Analysis



Football Field Valuation



Position Revaluation

BAE Systems (BA.L)

Position Revaluation

BAE Systems (BA.L)

Business Description

BAE Systems is a **global defense**, **aerospace**, and **security company** headquartered in the **United Kingdom** that designs, manufactures, and supports **advanced military and security systems**. Its portfolio includes combat aircraft, naval vessels, electronic warfare systems, cyber-security solutions, and other high-technology defense capabilities operating across air, land, sea, cyber, and space domains. The company **primarily serves government** and **defense customers** in the UK, United States, Europe, the Middle East, and Asia-Pacific, generating revenue through **long-term government contracts** spanning system development, platform production, modernization programs, and lifecycle support services.

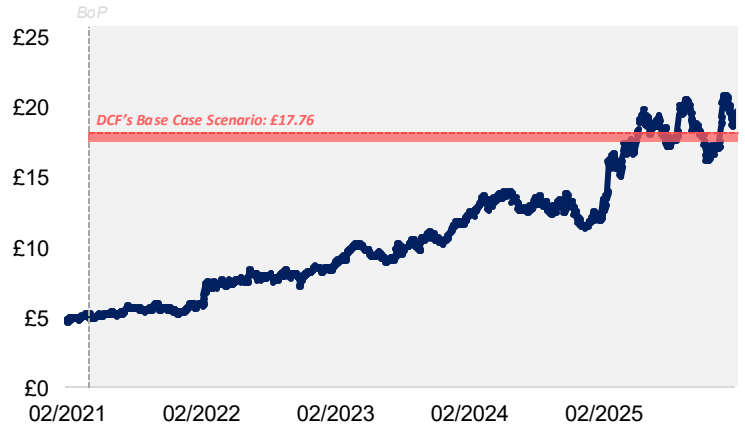
Previous Investment Thesis

The fund initiated a position in BAE Systems in **March 2021** due to its strong exposure to the resilient and growing global defense sector. The company benefits from a diversified revenue base across major government clients, particularly the U.S., U.K., and Saudi Arabia, providing stable demand and long-term contract visibility. At the time of the pitch, BAE reported solid revenue growth and a **record £42.5bn order backlog** (*the value of signed contracts yet to be delivered*), supporting strong visibility on future revenues and cash flows. Strategic initiatives, including the acquisition of Collins Aerospace's military GPS business and participation in the UK's Team Tempest program, further strengthened its long-term growth prospects.

Current Situation

Over the past few years, BAE Systems has operated in a **much stronger defense environment**, which has **improved sentiment around the stock** and **strengthened the company's medium-term growth outlook**. Demand remains robust across BAE's core platforms (submarines, munitions, combat systems, and electronic warfare) as governments in Europe and other key markets continue to prioritize defense readiness and long-term procurement commitments. Management has also highlighted **record order intake and backlog levels**, which supports visibility on future activity and reinforces confidence in the business. At the same time, the **market is closely watching execution**, especially around supply chain capacity, labor availability, and the pace at which BAE can convert elevated demand into consistent delivery. The **key debate is now centered on execution rather than demand**.

BAE Systems Share Price Performance



Comparable Analysis

	NORTHROP GRUMMAN	GENERAL DYNAMICS	THALES	RHEINMETALL	BAE SYSTEMS
Trailing P/E Ratio	26.4x	23.6x	50.4x	86.4x	32.7x
P/FCF	33.4x	25.1x	19.44x	800.4x	28.9x
EV/EBITDA	16.9x	16.5x	20.1x	39.1x	16.5x
EV/EBIT	23.0x	19.3x	34.0x	51.8x	23.0x

Position Revaluation

BAE Systems (BA.L)

Financial Analysis

BAE Systems is projected to deliver **steady top-line growth**, with revenues increasing from **$28.9bn** in 2025 to **$37.6bn** by 2029 (**~6.8% CAGR**), supported by **continued strength** in Air, Maritime, and Platforms & Services, while Electronic Systems and Cyber & Intelligence grow at a **more moderate pace**. Under our base case, **EBITDA expands** from **$2.9bn** in 2025 to **$7.6bn** in 2029, driven by **operating leverage**, **slower OPEX growth**, and a **lower depreciation burden** over the forecast period. **Unlevered free cash flow** is expected to **recover materially** from **$0.4bn** in 2025 to **$5.3bn** in 2029, helped by **CAPEX normalizing from $1.1bn to $0.5bn** and **more stable working capital needs**. BAE is expected to demonstrate improving profitability and much stronger cash conversion as it scales into its backlog.

Strategy Analysis

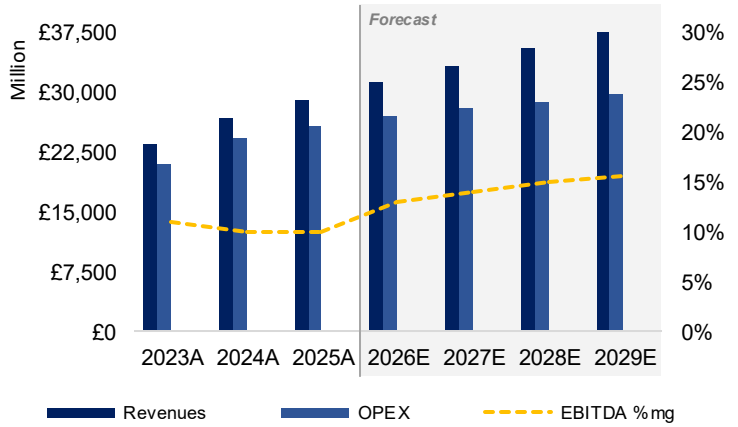
The current focus is now on **executing and scaling delivery across its highest-priority defense programs**, while **expanding capacity in areas where demand is accelerating most**, particularly submarines, munitions, combat systems, and electronic warfare. At the same time, the company **continues to invest** in next-generation capabilities, including autonomy, advanced sensors, and precision-guided weapons, to **maintain competitiveness** as **defense procurement becomes more technology-driven**. BAE also remains deeply embedded in **long-cycle sovereign programs**, especially in the **UK submarine build cycle** (including Dreadnought and SSN-AUKUS), which supports long-term visibility and strategic relevance.

Final Investment Thesis and Position Suggestion

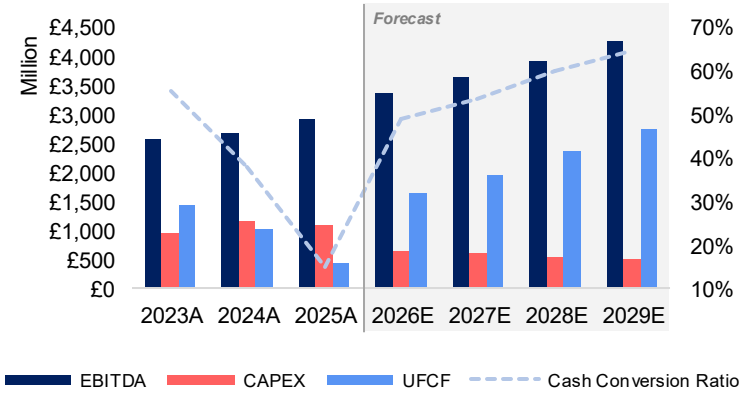
A **trim of the position in BAE Systems** is recommended following the strong share price appreciation, with the stock now trading close to its **DCF base case scenario of £17.76**, limiting near-term upside. Reducing the position would allow the fund to **lock in gains after the significant rally observed over the past year** while maintaining exposure to the long-term growth of the defense sector.

While BAE continues to benefit from **record order intake and a strong backlog supported by increasing global defense spending**, the investment case is now more dependent on **execution and delivery across major programs**. With valuation multiples such as **c.32.7x trailing P/E** already reflecting much of the medium-term growth outlook, trimming the position would help **rebalance portfolio exposure while retaining participation in the sector's structural demand tailwinds**.

Financial Analysis - Operational

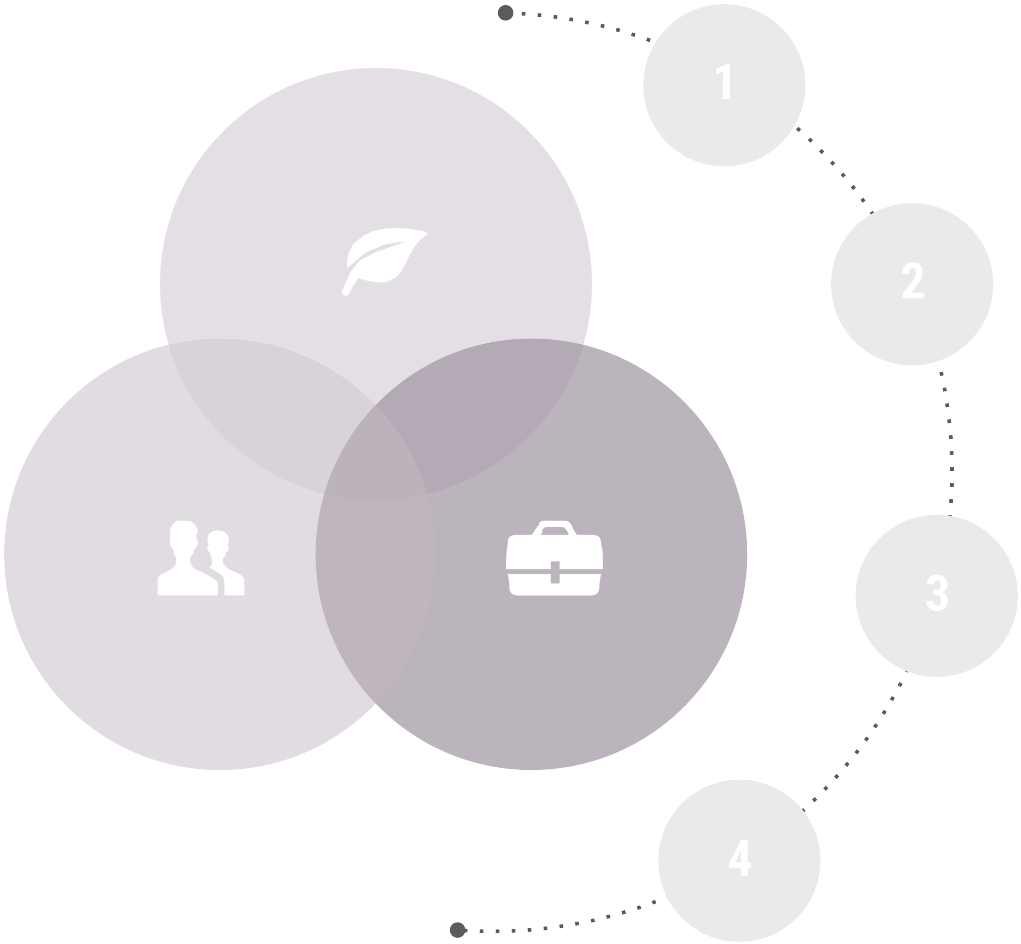


Financial Analysis – Cash Conversion



ESG Analysis

Our commitment for a better tomorrow



Whilst the NIC-UD Fund does not prioritize impactful and carbon neutral investments, we acknowledge the importance of being part of the solution, and as such, we established the following goals to contribute to this desire to help the world around us:

1. **Inclusion of an ESG Analysis in the Quarterly Shareholders Report** to boost awareness of the overall ESG Performance of our fund to our members and shareholders

2. **Addition of ESG Evaluations into NIC-UD Stock Pitches** in the risk section, ensuring a more complete evaluation of the sustainability of companies' business models

3. **Incorporate ESG as a criteria for investment decisions** with the goal that this will positively translate to higher returns and lower risk, improving our Sharpe Ratio

4. **Further develop and improve our ESG Analysis** to ensure we have a greater understanding of our portfolio and positions sustainability as well as potential threats

ESG Analysis

Importance of ESG & Company qualitative evaluation

Importance of ESG

In recent years, the concept of **Environmental, Social, and Governance (ESG)** has gained significant attention from businesses, investors, and regulators. The concept of ESG refers to a set of factors that companies consider to **measure and improve their environmental impact, social responsibility, and corporate governance practices**. The importance of ESG has grown as companies realize that sustainable and ethical practices are essential to **long-term value creation** and the well-being of society. By considering environmental, social, and governance factors in their operations and decision-making, companies can create **long-term value for their stakeholders**, reduce their **negative impact** on the environment and society, and build a sustainable and ethical business model. Moreover, by recognizing the importance of ESG, investors can make informed decisions that align with their values and contribute to a **more sustainable and equitable global economy**.

Iridium Communications Qualitative Evaluation

Iridium Communications
MSCI Rating: AA
Sustainalytics ESG Risk Rating: 25.6 (Medium)

Iridium Communications is reinforcing its ESG positioning through targeted investments in resilient infrastructure, digital inclusion, and responsible governance. The company continues to **expand its low-earth orbit satellite constellation**, enhancing secure and reliable connectivity for governments, maritime, aviation, and remote communities worldwide. Through its **$3 billion NEXT constellation** investment program, Iridium modernized its entire satellite network, significantly improving bandwidth efficiency while **reducing energy intensity per transmitted bit**. The company has also integrated **ESG oversight at board level** and links executive compensation to long-term performance metrics, including operational resilience and sustainability objectives. Iridium maintains strong transparency standards, publishing sustainability disclosures aligned with **SASB and TCFD frameworks, reinforcing accountability to investors.**

Emergency Response and Humanitarian Conectivity
From a social perspective, Iridium plays a **critical role in emergency response** and humanitarian operations. Its satellite services are used by **disaster-relief organizations and NGOs** in areas affected by natural disasters and geopolitical crises, where terrestrial networks are unavailable. Provides **unlimited airtime** to the International Telecommunications Union for disaster response.

Environmental Responsability
The NEXT satellites were designed with **deorbiting capabilities** to mitigate space debris, committing to remove retired satellites from orbit within internationally recommended timeframes. Already **deorbited 65 first-generation satellites**, removing more than **33** metric tons of material from orbit. Satellites are used for **climate research and environmental monitoring.**

ESG Analysis

Implied Temperature Rise



Portfolio's Weighted Average Implied Temperature Rise:

2.6ºC

STRONGLY MISALIGNED	>3.2°C
MISALIGNED	>2.0°C – 3.2°C
2°C ALIGNED	>1.5°C – 2.0°C
1.5°C ALIGNED	≤1.5°C

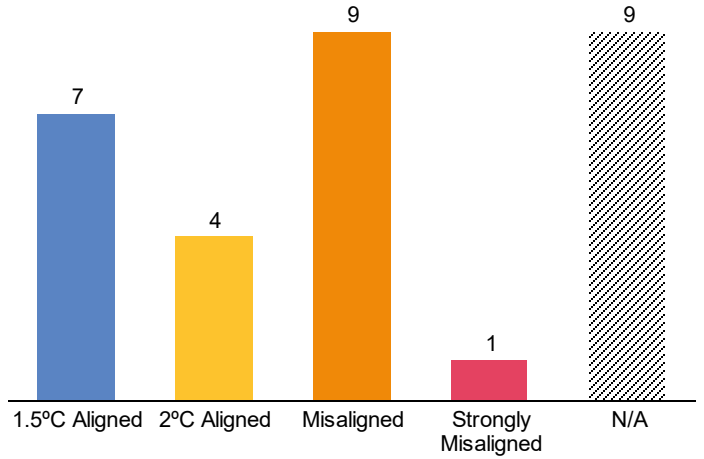
Methodology: *Implied Temperature Rise from **MSCI ESG Research** is designed to show the temperature alignment of companies, portfolios, funds and indexes with global climate targets. It compares the current and projected greenhouse gas emissions across all emissions scopes (based on the company's track record and stated reduction targets) with its share of the remaining global carbon budget for keeping warming this century well below 2°C. A company projected to emit carbon below budget can be said to "undershoot" the budget; a company projected to exceed the budget "overshoots" it.*

Quick look at: Meta

Meta aims to reach net zero emissions across its global operations by 2030 and already powers its data centers and offices with 100% new clean and renewable energy. The company aims to promote diversity and equity across its workforce, where women represent 45% of leadership roles. In governance, it maintains independent board oversight, ethics policies, and transparent reporting aligned with global ESG standards.

The **NIC-UD portfolio** recorded a slight increase in **its implied temperature rise**, now standing at **2.6°C** compared to **2.3°C** in the previous quarter. While the new positions added didn't have data for this metric, and thus, didn't affect the rating, **the average temperature of some holdings increased**, the increase was primarily driven by macro-level policies and business practices from certain companies that currently disregard ESG criterium. The **sale of the Berkshire Hathaway** position, which had a relatively low temperature of 2.0°C contributed **negatively** to the portfolio's climate profile. These negative developments were also impacted by a **significant rise in temperature on some of existing positions**, particularly **Lear, Arrow Electronics and Zimmer Biomet**, which increased to 3.2°C, 3.2 ºC and 3.1°C, respectively. In summary**,** these internal temperature changes led to a modest increase in the portfolio's Weighted Average Implied Temperature Rise.
These developments underscore **our Group's commitment to maintaining a sustainable portfolio**, prioritizing investments in companies that actively contribute to **environmental stewardship and global warming mitigation**. Our goal remains aligned with the **Paris Agreement**, striving to **limit global temperature rise to 1.5°C** through responsible and strategic investments.

Implied temperature rise per position



ESG Analysis

Portfolio ESG Rating

Shortcoming of Ratings: Mismatches

The calculation of NIC-UD's ESG Rating involved a comprehensive examination of its entire portfolio using **MSCI, Sustainalytics, and S&P Global's** databases. The results revealed that the ratings differed depending on the agency being analysed. The correlations differed at a 10% significance level, with MSCI having a moderate correlation with Sustainalytics and S&P Global, improving when compared to past quarters.

Correlation Matrix between Rating Agencies

Correlation Matrix	MSCI	Sustainalytics	S&P Global
MSCI	1		
Sustainalytics	0.59	1	
S&P Global	0.54	0.23	1

Despite improvements, a possible reason for the disparity in ratings could be due to the **lack of standardization** in measuring a company's ESG efforts. There is no universally accepted definition for the key performance indicators (KPIs) to be used for each company and the weight to be given to each KPI in determining the rating.

Therefore, we decided to use the **MSCI Agency** as the source of analysis, given that its rating system already takes into consideration a company's relative performance compared to its peers.

Ticker	Weight in Portfolio	Sustainalytics (Converted)
META	3.40%	4
ESPO.L	3.60%	NA
BN.PA	4.11%	NA
BA	9.32%	4
EPD	3.68%	NA
MRN.PA	4.21%	2
ITX.MC	2.12%	2
VOW3.DE	2.51%	4
ATEN	2.13%	NA
ABBNY	3.49%	2
VDTA.L	3.69%	NA
IKOR.L	2.77%	NA
JNJ	2.27%	2
GOOGL	5.87%	4
TMUS	4.11%	4
MELI	5.18%	2
AZN	2.44%	2
EQB	3.19%	2
LEA	2.37%	2
INGR	1.43%	NA
MC.PA	2.10%	NA
ARW	3.29%	1
ZBH	2.34%	4
GDX	3.81%	NA
NVO	4.43%	2
RENE	2.68%	NA
DECK	3.53%	2
VICI	3.06%	2
BFIT	2.12%	4
SN	3.11%	4
IRDM	3.24%	4



Final Output

Despite the advantage of relative comparison in MSCI's rating, it also has the drawback of being the **least comprehensive database.** That is why we used **Sustainalytics** ratings of our positions. Still, 6 out of 31 positions in our portfolio were not eligible for analysis. However, their combined percentage of total investment in NIC-UD's portfolio is close to 19**%**, which we consider to be a relatively low percentage and the best achievable from the 3 ratings, that would not significantly impact our conclusions.

To determine NIC-UD's ESG rating, we calculated a **weighted average** based on each position's rating (converted to a numerical value between 1 and 7, with 1 being equivalent to AAA and 7 to CCC) and their **adjusted weight, considering only the positions with available data in Sustainalytics**.

NIC-UD's fund has maintained a **MSCI ESG Rating A (converted from Sustainalytics).** This means that investing in our portfolio is **equivalent to investing in companies that have an average good and concerned track record** in managing the most critical ESG risks and opportunities relative to their peers in the industry.

ESG Analysis

Opportunities and Improvements

Near-Term Improvements

In the last quarter, NIC-UD's Fund saw its **implied temperature rise increase from 2.3°C to 2.6°C**, mainly due to the increase in pre-existent positions. While some holdings maintained strong ESG performance, the overall rise reflects **temporary portfolio adjustments.** We remain committed to aligning with the Paris Agreement and integrating ESG metrics at the core of our investment process. Setting clear goals has been crucial in guiding us towards more sustainable portfolio choices.

Moreover, we have maintained our MSCI ESG Rating of A, bringing us **closer to achieving our near-term objectives**.

Short-Term goals

Reach a portfolio implied temperature rise of 1.5ºC, this way being aligned with the **2050 Paris Agreement goal.**

AA

Reach a portfolio MSCI rating (or equivalent) of AA.

Long-Term Outlook

In line with our commitment to sustainability, we are taking immediate actions to safeguard our portfolio from potential risks. However, our **long-term ambitions are even more pronounced**, aiming for a gradual yet substantial impact over time.

As for our long-term objectives, we are not only committed to create a portfolio exclusively comprising companies with an implied temperature rise of 1.5ºC or below but also to achieve an MSCI rating of AAA. We believe that investing in companies with strong sustainability commitments will enable us to make more informed decisions, reduce **sustainability risks**, and position ourselves advantageously for **future regulatory environments**.

Long-term goals

Only invest in companies with an implied temperature rise of 1.5ºC **or below.**

AAA

Reach a portfolio MSCI rating (or equivalent) of AAA.

Final Remarks

Going Forward

Mistakes:

- Although we successfully addressed the previous issue of teams being unevenly balanced, the QSR ultimately took longer to complete than expected.
- We were also not as consistent as expected with the Monthly Fund Meetings, which reduced the regularity of discussions around portfolio developments and coverage insights.
- This highlighted the need for clearer timelines and tighter coordination from the outset. Ensuring a more structured process will be essential to avoid similar delays in future cycles.

Lessons Learned / Key takeaways:

- Coverage groups became noticeably more active and engaged compared to the previous quarter, with stronger participation in discussions and news sharing. This represents clear progress in strengthening the role of coverage within the investment process.
- A key lesson from this cycle was the importance of clear timelines and stronger execution discipline, ensuring the QSR process remains efficient and avoids the delays experienced in this round.

Going forward:

- Stock pitches will maintain the current format to preserve consistency and accountability in the workflow.
- Monthly Fund Meetings will adopt a more focused structure, prioritizing news related to our portfolio. These developments will be discussed based on the work done within coverage teams, with emphasis on the implications they have had and may have on our fund.
- Our focus is to strengthen execution and improve the connection between coverage discussions, revaluation processes, and portfolio decision making.

Final Remarks

Letter to Shareholders

Quarter highlight



Share Price increased **(3.17%),** underperforming the benchmark



Following strong gains we trimmed BAE Systems, increased our position in Novo Nordisk after its correction, and initiated positions in VICI Properties, Basic-Fit, Iridium Communications, and SharkNinja.



Increased implied temperature rise **to 2.6°C**, up from 2.3ºC in Q3 25

Letter to shareholders:
Dear all,

We are pleased to report that the fund achieved a total quarterly return of 3.17% during Q4 2025. While this is lower than the 5.08% recorded in Q3, the fund underperformed its benchmark, which rose 6.85%, representing an underperformance of 368 basis points.

The final quarter of 2025 was defined by a complex macroeconomic backdrop. Markets navigated a record 43-day US government shutdown that concluded in mid-November, triggering a significant "data blackout" and a flight to safe-haven assets. This volatility was mirrored in the fixed-income markets; the 3-month U.S. Treasury yield began the quarter at 3.932% and compressed to 3.633% by year-end, reflecting a shift toward a more accommodative monetary environment. Furthermore, we are monitoring the ongoing conflict in Iran with vigilance, as geopolitical tensions continue to pose risks to global energy stability. Despite these pressures, a final December rate cut helped stabilize market sentiment heading into 2026.

Our performance was driven by several key equity positions. Our top performers for the quarter included Alphabet (GOOGL), which gained 29.0% behind strong Cloud and AI growth, and IKOR.L, which rose 28.0% as South Korean equities rebounded. Additionally, LVMH (MC.PA) contributed a 23.0% return, supported by resilient luxury demand in Asia. Conversely, our position in Novo Nordisk was a notable detractor, declining 19.6%. We have strategically reinforced this position to capitalize on long-term value as the company expands its manufacturing capacity.

In line with our commitment to portfolio diversification, we initiated four new positions this quarter: VICI Properties, Basic-Fit, Iridium Communications, and SharkNinja. We believe these additions strengthen our exposure to resilient real estate and mission-critical consumer growth sectors.

As we move into 2026, we remain confident in our value-oriented strategy and the fundamental strength of our holdings. Thank you for your continued trust and support.
Sincerely,

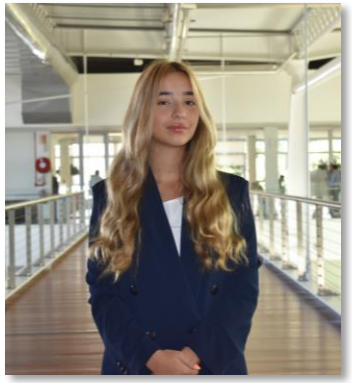
Afonso Freitas & Afonso Monteiro
Co-Presidents, Nova Investment Club – UD

Final Remarks

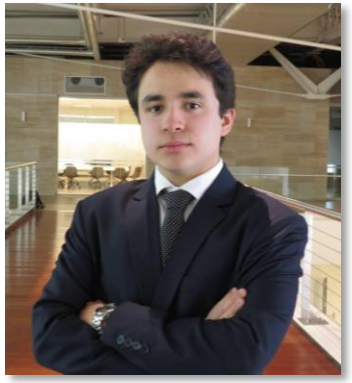
QSR Team

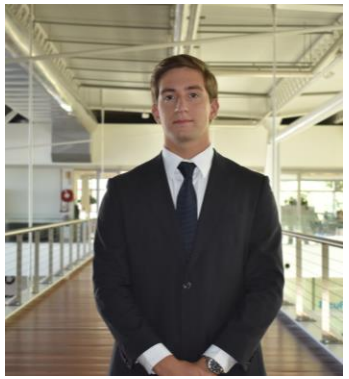
NIC Undergraduate Division Fund

Q4'25 QSR Team









Final Remarks

Investment Team

Heads



Afonso Freitas
Co-President



Afonso Monteiro
Co-President



Miguel Fernandes
Strategy Advisor



Rafael Dias
Head of Corporate Relations



Francisca Mora
Investment Manager



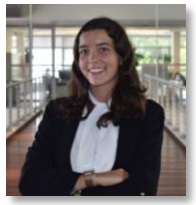
Bernardo Figueiredo
Investment Manager



Cataria Canha
Head of Meeting Content



Yash Chauhan
Editor in Chief



Madalena Morgado
Social Media Manager

Associates



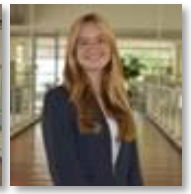
Joana Bonecas
Associate



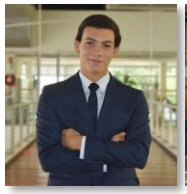
Miguel Patrício
Associate



Lucas Faísca
Associate



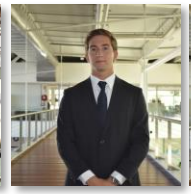
Inês Albuquerque
Associate



Miguel Moura
Associate



Francisco Viegas
Associate



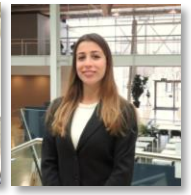
João Catroga
Associate



Alexadre Sacavém
Associate



Arthur Canellas
Analyst



Joana Santos
Analyst

Analysts



Diogo Veríssimo
Analyst



Guilherme Santos
Analyst



João Pereira
Analyst



Maria Costa
Analyst



Miguel Gomes
Analyst



Raquel Mitras
Analyst



Tomás Tavares
Analyst



Gastão Feliz
Analyst



Mateus Nascimento
Analyst



Francisco Almeida
Analyst



Leonor Cintra
Analyst



Tomás Barriga
Analyst