Dear "Shareholders”,

A lot has changed in the markets since I last wrote a letter like this in late 2024. This was perhaps the most transformative year of my life thus far. The first full year I spent at UChicago allowed me to engage in discussions with people I could only dream of meeting (all while recording very successful podcasts with many of them) and has pushed me to face intellectual and academic challenges that I couldn't hope to face if I were at a Brazilian university. All while, of course, keeping up with the markets, which have had one of the most turbulent years ever, with the SPX going from a low of around 4,800 points to currently sitting at around 6,800, and running Ribeiro Capital, which I am proud to say it has performed incredibly well over this period of time.

After an extremely turbulent, but ultimately positive year for the markets in 2025, I want to reflect on how my strategy evolved, talking about the failures and successes that caused these changes to be made. Adapting my strategy and changing my holdings throughout the year allowed me to perform well under different scenarios this year and I hope to reflect on the past to make sure 2026 is another great year.

First things first, this was an incredible year for Ribeiro Capital. By the closing bell on December 31st 2024, the portfolio had returned +41.18% in the year, compared to the S&P 500's (SPX's) +16.39% return in the same period, an excess return of +24.79% compared to the benchmark. This IRR has been the result of endless re-underwritings and darwinian adaptations to my investing strategy and I am proud to present it facing last year's (at least from October to December 2024) negative returns. Managing to adapt to different market conditions this year has been incredibly rewarding and exciting and I am happy to see that my efforts paid off.

Net Asset Value

	December 31, 2024	December 31, 2025			
	Total	Long	Short	Total	Change
Cash	59.00	337.59	0.00	**337.59**	278.59
Stock	16,333.90	28,238.00	0.00	**28,238.00**	11,904.10
Dividend Accruals	122.94	4.37	0.00	**4.37**	-118.57
Total	**16,515.84**	**28,579.96**	**0.00**	**28,579.96**	**12,064.12**
Time Weighted Rate of Return					**41.18%**

<u>Investing as a Liberal Art: A deep dive into my strategy</u>

A very smart friend told me once that finance, at its best and in such a rational market, is the ultimate Liberal Arts job. When I came to UChicago I was excited to engage in the Core Curriculum, our collection of general education requirements focused on fostering this liberal arts way of thinking, and spend hours reading dense literature and discussing it with your peers. Is Burke correct about the legitimacy of governments? Does Hobbes go too far in his proposals? Is Achilles a role model or is it a cautionary tale? I had an amazing time discussing these questions with some of the colleagues I admire the most and, as it turns out, it has also changed the way I think about investing.

Investing, at the end of the day, is nothing more than finding rational ways to quantify your beliefs in opportunities (and when you have a benchmark, this belief has to be quantified relative to other people). To find the adequate way to get exposed to this opportunity, I found, is nothing more than having a great understanding of the ecosystem around that opportunity, recognizing patterns in that market and asking good questions - Why is the security trading at this price? How can they grow beyond what the market has priced in? Is there reason behind such pessimism/optimism? What would need to happen for the thesis to work out or for it to break?

Spending hours sharpening this liberal art way of thinking was fundamental for me improving my underwriting and understanding how a stock should do compared to the market. Some of my most successful stocks this year ended up in my portfolio after a round of inquisitive questions and a further round of seeking answers.

The way I currently screen for opportunities is very simple: I look for companies that are out of favor, do research on if the narrative behind this falling of favor is true and, if it is not true, I estimate how much of an upside there will be when the market is rational again. My holding period is extremely varied and it's dependent on how fast company and market conditions change or how fast the stock price changes to the point where my future upside is not attractive enough. I'm trying to ride the wave of market perception changing (for the better) as the underlying company keeps improving.

I usually screen for stocks that are down 20% or more from their recent highs. The more unproven the company is the more I want them to have dropped from their highs. I will be interested in looking at Google or ASML, which I know are really high quality companies, if their down around 20% from their highs but I probably wouldn't have bought Cooper Standard or Goodyear, which I have turnaround theses on, if they weren't down 40%+ from their highs. Once I get a feeling that the stock hasn't had a positive market re-rate in the last few months, I go dive deeper.

As a value investor at heart, the first batch of questions I ask are to find out one or two things: "is this stock a good company?" and/or "is this company structurally improving itself?". What I'm really trying to understand is if the company has a competitive advantage that will allow them to sustain (or even expand) margins and market share in the future or, in the case of stocks that I'm betting on the turnaround, is the company improving operations to a significant level which will force the market to re-price the stock. I don't want to be stuck holding a stock where the company is materially decaying, as this is the first sign that the market is right to be pessimistic on the stock. Once I find out that the company is able to survive and thrive in current market conditions, then I can start to speculate what are the fears of the market.

The next thing I do to understand what the market believes is a reverse DCF. Most investors in the market use DCFs to price in the fair value of a stock and then determine if there is upside or not. By using a reverse DCF I try to do the exact opposite. I play around with FCF growth numbers until the intrinsic value I find in my model is the same as the current stock price. The FCF growth rate that allows the stock to have a return of 0% is the growth rate that the market expects the company to grow at. The question I'm asking here is "What growth rate should the company have for the market to be pricing in this correctly?".

Once I have an understanding of how optimistic or pessimistic the market is about a stock I then start to investigate if there is actual solid evidence to support the market's behavior (aka, is the market right to price in this growth rate?). The most effective way to understand what are the concerns of the market is to look at how analysts at big financial firms are thinking and what are the questions that they are asking. Reading transcripts of earnings calls, especially in the Q&A section, I can get a good feel for what the big concerns of analysts are. If they're asking how the company plans to deal with tariffs or how the company plans to fight against competition from AI, I will dig deeper into those concerns. After looking into the earnings call, I dive deeper into sell side analyst reports and read everything I can find on what are the main expectations and concerns of the market. In general, as Pareto would've predicted, 1 or 2 major concerns of the market are responsible for 80% of the deviation in valuation multiple (compared to peers or their historical average, everything else adjusted, of course).

Now the issue becomes testing out whether those 1 or 2 concerns are valid and present enough to impact the stock price in such a negative way. I try to understand where the concern would hurt the company the most: is it a leadership concern? Fear of margin compression? Fear of losing market share to competitors? or it may even be a belief that the company will cease to grow at the rate that the market was previously pricing in. It really varies stock by stock. In each of these cases I try to look for evidence that would prove the market to be right or wrong. This is really company and concern specific so there isn't really a formula as to what I look at, but the case studies I'll do soon will make this clearer. If I find solid evidence that the concerns of the market are not valid or at least are overblown, I move to the next and final part of my process.

Now that I know the underlying company is great or significantly improving, I know what the market is pricing in for growth, I know what are the concerns of the market and how much they are overblown, I try to understand how much the stock could re-rate by when the narrative changes (aka when the market realises they are overly concerned and that the stock should actually be trading at higher prices). For this I compare the company, as it is today, to two things: their competitors' valuations and their historical valuation. For example, their competitors have, for the sake of the argument, a similar market positioning and competitive advantage, the same margin and revenue growth rate and it has no debt. The stock I'm evaluating may currently be in the same situation on everything except for debt, let's say they have a debt wall that they need to pay by the end of year and, if they don't, the company is at risk of bankruptcy. For this reason, the stock trades at 3x FCF and their competitors trade at around 10x. After digging into analysis and market reports, it becomes clear that the reason for the difference in multiple really is the risk of bankruptcy and, after doing my research, I discover that the company is selling off non-core assets or renegotiating their debt and will be able to pay off their short term debt fast enough to stay alive.

Now, understanding that the debt risk isn't as prominent as the market believes it to be, I now examine how much the company should be trading multiple wise when sentiment changes. Maybe now, with lower revenue from the sale of the non-core assets but without the risk of bankruptcy, the company should be trading at 6x-7x FCF. So now, to do a future multiples evaluation, I project how much the revenue will the company make 5 years from now (I still like to give myself a long time frame for valuation), how much their margins (say

FCF margins) are going to be but I apply a different multiple on the FCF to reflect the lower risk of bankruptcy and higher market confidence in the company. If the CAGR return for these 5 years is satisfactory (I aim for at least 20% expected CAGR per year), I will buy the stock.

This change in sentiment may happen sooner or later and it varies depending on the concern. If it is a margin or leadership related concern, sentiment usually changes when earnings reports are released and financial/operational information are disclosed. If it is a debt or macro related concern, sentiment may change at unpredictable times, whenever the company gets a boost of liquidity or the changes in macro scenario hit the news. Timing is the hardest part in this investment strategy and it directly affects my holding period, but thus far I've been able to capture significant profits anywhen from 1-6 months of building a position.

An important piece of clarification is what valuation method I use depending on the type of stock I'm evaluating. If it is a turnaround play (such as GT, CPS, OMI (now ACH)...) I will mainly focus on using a future multiple valuation model, where I project revenue growth, share change (if applicable) margin and an exit multiple in 5 years. This method is preferable in these scenarios for two reasons. First, the company is usually a little too unstable to safely model using a DCF valuation (margins are all over the place, revenues are unstable…) and, second, what will really drive the stock growth will be the change in multiple (driven by a re-rate on the stock), which is more powerfully captured in this model. If this is more like a value play (say GOOGL, CRM, AMZN…) I will use a DCF model to project future upside as I don't expect the company to significantly change over the next few years, facilitating the modeling. However, even in these cases I will use the future multiple valuation as a valuation technique because, again, the core of my investing philosophy is betting on a change of market perception, and the strongest way to model that is by using multiples to price in this change in perception (see more in the case studies of GOOGL and ASML below).

Finally, position sizing is a function of company quality (competitive advantages, market positioning…) and expected return. A great company delivering great operational results that has an expected return of 25% per year will likely have a 12-14% weight on my portfolio.

The key of my strategy is simple and it requires adapting the following two questions for the specific stock: "is this a good company?" and "is the narrative about the stock right?". After looking for answers to those questions, I apply the pattern recognition part of liberal arts thinking and look for an earnings (usually EBIT or FCF) multiple that the stock should be trading given the information that I discovered (aka, when the narrative around the stock shifts) and given its competitors and the stock's historical multiple valuation (adjusted to current company and market conditions, of course)

If all of this sounds theoretical, here are some case studies of some of my positions this year.

<u>Case studies:</u>

I will dive deep into specific stocks in a moment, but first I think it's important to analyze what was the biggest concern that plagued companies this year and really made me realise how powerful this strategy can be when markets are irrational: tariffs

On April 2nd, President Trump enacted tariffs targeting most countries around the world in what was called "Liberation Day". By the closing on April 4th, after the market absorbed the news and after other countries started to impose retaliatory tariffs, the S&P 500 had dropped around 10%.

On the night of Liberation Day I wrote about how I expected these policies to affect my positions and how I planned to adapt accordingly. By the time of my writing stocks were bleeding in after hours trading as expected, but I was curious to see which stocks in my portfolio were damaged and I was inquisitive to find out why the market was pricing in this event so harshly on them. Google, a company that makes most of its money from advertisements on its search engine, ASML, who has a monopoly on chip manufacturing equipment, was hurting a lot. So were LYFT, AMD, INTR and basically everything in my portfolio. What I was trying to investigate that night was: how are these businesses actually being affected by the tariffs?

Over the next few days I looked into how tariffs would affect Google's search engine or cloud services, how it would affect ASML's sales of chip-making machines, how demand for Lyft rides would change, how demand for Brazilian banking services would be affected and so on. In most of these cases, the answer was that the sharp drop in stock price was overblown, like I had said in my report on the 2nd of April. Most of these stocks would eventually skyrocket throughout the year, allowing for fantastic results for my portfolio.

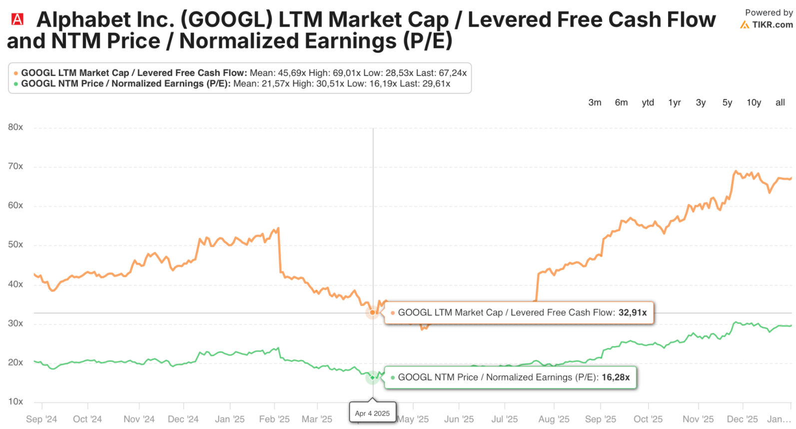
I think this is the perfect example of my strategy in play. And the good thing is that we shouldn't be short of events like Liberation Day (or company specific events) in the future.

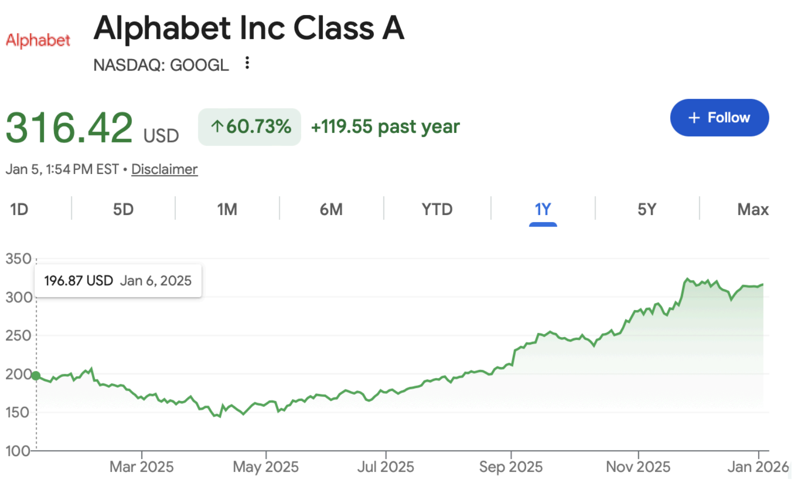
Google was my largest holding for a very long time for a very simple reason: it is a fantastic company and the concerns of the market were extremely overblown (and there was plenty of evidence of it).

The company was trading at multiples significantly below its historical averages and way below its Mag 7 peers, even though the company was growing revenue faster than ever, consolidating itself as leader of cloud computing and increasing its margins steadily through absolute dominance of the search business. Even though the company was doing absolutely fine there were two major concerns: ChatGPT (and other AI chatbots) were going to take market share away from Chrome and that the company might be split up in an antitrust case.

Digging deeper, there was no evidence that users were using less Chrome in favor of ChatGPT (in fact, most people were using both), no evidence that companies were paying less for advertisement space on Google or no evidence that Chrome was slowing down at all. Not to mention these market share concerns overlook Google's uncontested dominance in video sharing through Youtube (which is a massive source of ad revenue) and Google's dominance over cloud computing (which would effectively make the company stronger as AI became a bigger thing, partially hedging their Chrome risks). Recently, Google Gemini overtook ChatGPT as the fastest growing app on the app store and their video generating software became way more powerful than Open AI's, demolishing any threats of diminishing dominance once in for all.

Finally, on the antitrust side of the concern, the proposed breakup of the company wouldn't significantly hurt the shareholder, who would get shares in each of the new companies. In short, each of the new companies wouldn't be in direct competition with one another, they would only break apart Google and in fact allow it to be valued through the sum of its parts. It would create, for example, a solo company for Chrome, for Android, for Youtube, etc., which wouldn't create competition in each of these underlying businesses and wouldn't compress their margins or market share. Alas, when the concerns about antitrust, which were overly negative in the first place, went away, alongside the AI concern, the company skyrocketed over 100% from their April lows through a radical multiple expansion (alongside a radical EPS increase as I predicted through their margin expansion and revenue growth)



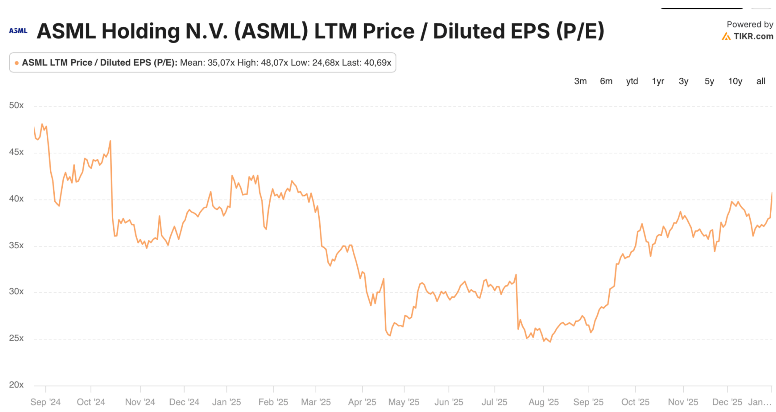


ASML was also one of my highest conviction stocks given the company's absolute dominance over the microchip manufacturing industry, being the only company to produce EUV machines and the producer of most DUV machines. In a world where chipmakers are waging war against each other to produce the best chips and foundries are building more and more factories to keep up with demand, it was clear that ASML's monopoly would stand to benefit from the AI supertrend.

However, there were, soon to be discovered as unfounded, concerns that demand wouldn't really pick up and, even though they beat revenue and EPS expectations every quarter in 2025 and in late 2024, the management team kept being conservative and warning that next quarter should be slower. This was especially true after Liberation Day and, even though one might believe tariffs would slow down demand from an international company, I believe quite the opposite would happen.

Tariffs, alongside Trump's push to bring manufacturing to the US, would force foundries to build new plants in the US which would all need to be filled up with highly specialized machines from ASML. Additionally, with them having a monopoly over the industry, they could easily increase the price of their machines and the foundries would be forced to buy them anyway. If that was not enough, they had around $40 billion worth of backlog already booked, ensuring revenue for the next few years, and it kept growing despite pessimism from the management team. It was clear that ASML had the tools to protect their revenue and their margins.

Just like Google, once this cloud of doubt over their earnings dissipated after various quarters of earnings beats, the stock climbed to over $1,000, from around $600 dollars on Liberation Day



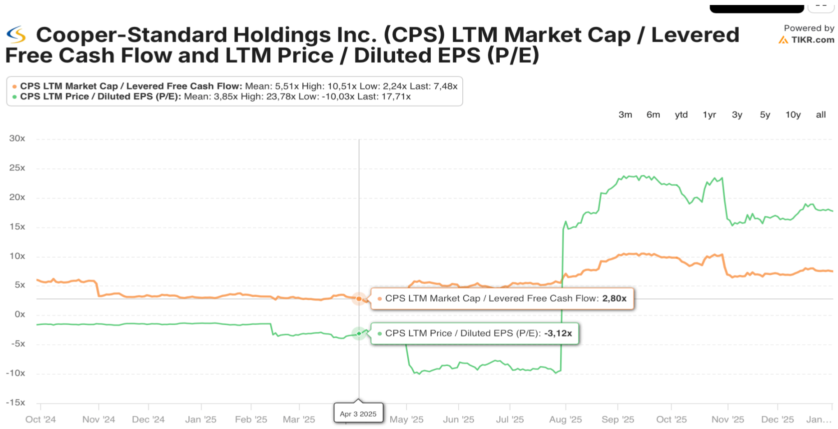
Cooper Standard was my highest return stock of 2025. I first bought it in April at $12.07 a share and I still hold a position today with the stock trading at $33 (I sold a lot of my position as the stock went up and I bought the dip a few times as the price corrected down, with my current average price being $27). At $12 a share, the stock was down around 90% from their $130 highs in 2018. This was my first big turnaround play.

The company manufactures auto parts for auto makers like GM and Ford, focusing on fluid handling and sealing systems, but digging deeper the company was more interesting than it looked from the surface. Management had done an incredible effort to restructure the company and cut costs, which took EBIT margins from 0.3% in 4Q23 to 5.6% in 2Q25 as well as reducing their debt load, which allowed them to have enough revolver to pay off their debt wall. Additionally, the company was being too conservative in its assumptions for auto manufacturing growth, projecting new light vehicles deliveries substantially lower than every single major research house, credit agency or sell side analyst. Even if demand were to substantially fall because of tariffs or any other macro cause, the valuation multiple and the projected numbers from management were so low that a positive surprise was still likely.

The best part of it was that they had a silent but powerful competitive advantage: once an auto manufacturer, say Ford, starts using CPS's parts for a certain model of car, say the F-150, it is extremely hard to simply find another supplier to provide them parts since the design and mold of the car is largely designed around the original parts. This means that once a contract is signed with an OEM, they have years worth of recurring revenue.

It was a matter of time until the market realized this revitalized CPS wasn't the old low margin, almost bankrupt CPS, and the markets concerns, largely centered around profitability (maintain their higher margins for a long period of time, showing these were long term changes instead of short term financial engineering) and ability to pay off their debt, which could've been a massive problem if they hadn't survived this debt wall, were gone after a few quarters of great results.

My results with CPS were key to showing me that investing in turnaround companies could be a fantastic way to achieve high returns. Of course, the turnaround needs to be a very likely one that the market is, for whatever reason, overseeing, but nevertheless it proved that this is a very successful strategy if executed right.



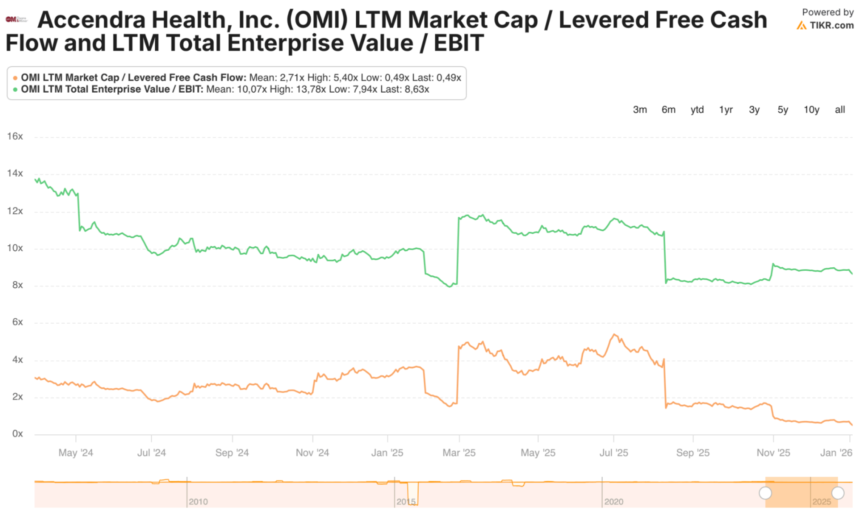
Finally, I think it is worth talking about Owens and Minor (OMI), which has now been renamed Accedra Health (ACH), as I believe the company has incredible upside potential, to the degree CPS had when I first bought it in April of last year, but the market hasn't yet realized its value, in fact it has deepened its concerns. The stock was down 70% from its 2025 highs when I first opened a position. Talk about a stock with a bad reputation huh? Good news is, it is prime for a turnaround.

ACH provides home-care healthcare equipment, focusing on equipment to treat everything from diabetes and cardiovascular disease, to millions of Americans, with logistical and relationship based competitive advantages that allows them to access and deliver non-elective healthcare equipment to almost every American in only a few hours while being able to keep their products covered by big private and public-backed insurers. Their scale and longevity of operations/relationships is a crucial economic advantage in an industry where time is precious and costs for consumers are always top of mind.

The company, however, made some terrible management decisions in the past few years which led them to be extremely exposed to the hospital equipment side of the business (which is lower margin than the home equipment division), to spend a lot of money in acquisitions that went nowhere and took up a lot of debt on their balance sheet. By far, the biggest concern regarding the company is its liquidity and ability to stay afloat, which explains a $2 billion dollar revenue company trading at a $200 million market cap. Basically, the market is treating this as a company that will go bankrupt soon.

However, changes have already been made. The old OMI, based mostly on hospital equipment revenue, is gone and the new OMI, or ACH, comprises only the high margin home equipment business. The news is even better as we consider that the carving out of OMI's hospital equipment division to a private equity firm, which was announced in October 2025 and closed in late December, filled the firm's balance sheet with $375 million in cash, which, together with its other current assets, is enough to pay off the debt due in 2026. The ability for the company to survive this dangerous debt wall and exist in the future as a pure play home-care medical equipment, which is substantially high margin (6% compared to 0.5%) will allow the market to re-price the stock.

This re-pricing hasn't happened and the changing in name and ticker didn't excite investors. However, once the market realises this company will actually survive and will thrive in this higher margin market, where they still have a solid competitive advantage over, I believe the company should be trading at around 4-5x FCF, in line with their pure play home healthcare equipment competitors, which should cause a massive upside



	Revenue (M)	Revenue Growth	FCF margin		
Y0	$2.790,00	3%	5%	Company	OMI
Y1	$2.873,70	3%	5%	Rev. Growth Change	
y2	$2.959,91	3%	5%		
y3	$3.048,71	3%	5%		
y4	$3.140,17	3%	5%	market cap (M)	172,78
y5	$3.234,37	3%	5%	Future price (M)	808,59
				Multiple	5
Y5 FCF	$161,72				
				return (CAGR)	36,16%

This has been by far the worst performing stock of my portfolio up to this point, where I currently sit on a 30% loss. I, however, am still very confident in the company's future, especially now that the sale of the hospital equipment division is finalized and the cash boost to the balance sheet is certain. In fact, I kept buying more stock as it went down. I will keep a close eye on this position throughout the next few weeks and months.

<u>Coming up next:</u>

There is a full deep dive on ACH coming later this week and I will explain my thesis in more detail there as I believe this is a great potential, though it is a pretty obscure stock

Additionally, I am working on updates on every single security I own, where I plan to revise all my theses, valuations and reassess positions. This should be out by the end of the week too.

<u>Closing thoughts:</u>

Finally, I really appreciate the advice and the help I've had from various colleagues and mentors that I met along the way, many of them at UChicago, in networking calls or in the UChicago's Office of Investments, where I am honored to say I interned earlier this year with the generous support of John W Rogers. Although I still have a few years in college, I want to thank you all for teaching me so much outside of the classroom, and, under this type of company, I really do hope to keep being a life-long-learner.

I am very happy with the way 2025 turned out, both in my personal life and in Ribeiro Capital. Those of you who know me personally know how happy I've been at UChicago and how excited I am about having the opportunity to learn more and more everyday. It's truly been a great year where I've found myself getting used to the American Way of Life and I can't wait to see what 2026 will bring in challenges, opportunities and learning experiences for me and for Ribeiro Capital.

No good soldier was made general by stepping away from the fight, as uncertain as the battlefield may have looked. With markets as unpredictable as they are, I can't say what 2026 will look like, but I am sure I'll continue to adapt to whatever challenge comes my way and that even if I am overwhelmed with downturns, I will keep on going. It's an honor to put my name and my reputation out there and I love to have to fight, adapt and improve to protect it.

Sincerely,

Eduardo Ribeiro