

July 2026

Dear Partners,

Accounts managed by Halvio were up **5.79%** for Q2 2026 which lagged most of the indices in the second quarter.

	Halvio	S&P	Dow	TSX	Russell 2000
FY 2025*	24.94%	21.40%	14.34%	25.13%	23.10%
1H 2026	19.80%	10.20%	8.90%	10.34%	22.50%

*Accounts managed started April 1, 2025.

For the first half of 2026, we are still up over the majority of the indexes, even after they roared back this quarter. The S&P had its best quarter since the depths of Covid in 2020 and the Russell 2000 had its best half of the year since 1991. The surge in the markets had to do with the AI trade coming back into focus. We own no stocks that are directly involved in AI and most likely won't as chasing after the hot new thing is not something I'm looking to do nor comfortable with.

Largest Detractor

The largest detractor from performance for the quarter was **Humm Group Ltd.** Even though we initiated the position this quarter, we are down roughly 30% rather quickly. While it's clearly gone against us, I believe there is still a decent chance of extracting some value from the position. A lot of ink has been spilled in the Australian press on this company but to give a rather quick summary: Humm Group operates as a nonbank lender in two different two segments: commercial and residential. The commercial side of the business provides asset backed financing for businesses and represents the majority of the earnings in the business.

The main shareholder and Chairman of the Board offered to buy the company for \$0.58/share last year and what followed were some egregious acts of corporate governance:

- The bidder and Chairman refused to sign off on the financial statements unless the company made certain changes. Most likely wanting to amend the statements to make the results appear poor which would make his bid appear more favourable.

- The board's failure to disclose to the market a credible \$0.77/share offer from a competitor. Rejecting the offer privately while at the same time the telling the market they were evaluating it. Followed by the ***Chairman of the Board increasing his stake a further 3%, with buying beginning the date the offer was disclosed***, which went against their own Securities Trading Policy.
- A violation of the ASX listing rules of not telling the market that the Chairman intends to vote against his stated voting intention regarding proportional takeovers.

If you want to read more, the ASX panel released a 115 page document outlining it all. There is a huge governance discount being placed on the company right now and The Credit Corp. Group bid of \$0.77/share was just dropped which caused the large sell off. The activists who have been pushing back on the board have gotten the Chairman and another board member to resign and replaced with two new members. There is now talk of splitting up the company by selling off their highly profitable commercial division. The shares currently trade for just over half of tangible book value when most takeouts in the space happen at premiums to tangible asset value.

Portfolio Commentary

We had a few strong performers in the quarter that helped with the results. **Mestek** has continued its march up during the quarter. The CEO and majority shareholder, Stew Reed, released a shareholder letter with the annual report and alluded to a potential dutch auction buyback in the future along with doing more acquisitions. He has created a tremendous amount of value via his commodity trading and shares remain extremely cheap on my numbers at under 4x EV/EBIT with 77% of the market cap in cash and securities. **FP Newspapers Inc.**, with no need to pay down their term loan, is now in cash accumulation mode. Shares were up just over 30% in the quarter and in an era where newspapers have a hard time turning a profit, FP consistently manages to. Based on look through earnings of the underlying newspaper partnership, shares trade for under 2x EV/EBITDA. **Beng Kuang Marine** shares were at one point up 50% during the quarter. With the stock re-rating and running up, I took advantage and trimmed a good chunk of the position and completely exited after the quarter. Since entering the investment in November, shares were up over 100% boosted by the well executed turnaround strategy, the increase in the price of oil from the Iran war and smart capital allocation from the management team.

During the quarter we also sold Tetragon, Pacific Health Care Organization and trimmed F.I.L.A. SpA. Tetragon was sold as I grew impatient with the capital allocation and believe Ripple missed their IPO window that would allow Tetragon to profit from it. PFHO was sold as I saw better opportunities to deploy capital into.

We initiated a couple of new positions during the quarter: Humm Group (described above), Beasley Broadcast Group, Sato Foods and Goldmoney Inc., which is written up at the end of the letter.

The current portfolio consists primarily of extremely cheap stocks, some with clearly defined catalysts and some without.

Blog Updates

During the quarter I wrote up two new interesting names that have two wildly different circumstances: [A Debt Restructuring That's Turned into a Forced Liquidation](#) and [Sato Food Industries Co Ltd. : A Negative EV Net-Net With Massive "Buybacks"](#). I was also interviewed during the quarter by Capital Employed ([see here](#)).

Market Outlook

The S&P 500 currently sits at 32x trailing earnings. We just had the largest IPO ever for a rocket company at 100x revenue creating the world's first trillionaire. Any company that touches the AI space or with AI in their name is seeing their stock skyrocket. Myseum Inc. changed their name to "Myseum.AI" and the stock was up 100% in after-hours trading. Allbirds, the shoe company, stated in a press release it was pivoting to AI infrastructure and the stock ran up 500%. There are clearly pockets of froth and it is reminiscent of when companies put ".com" or "blockchain" in their name to take advantage of market sentiment. It typically doesn't end well for those companies and investors but who knows, maybe this time is different.

I continue to look for investments where the downside is protected either by some type of hard asset or an extremely low earnings multiple going in so the upside takes care of itself. All great investment track records are a result of protecting the downside and minimizing losses. That is an area I am constantly focusing on as the markets keep going up.

Sincerely,

Anthony

Goldmoney Inc. (XAU.TO)

Goldmoney helps customers trade and store their precious metals holdings all over the world in private vaults and takes a percentage fee of overall client assets held. In 2023, the CEO changed the direction of the business in order to simplify operations. They sold down about \$60 million in precious metals held on their balance sheet and disposed of their gold trading business, Schiff Gold, to start investing in UK real estate. The company now has an enterprise value of \$130 million with a UK real estate portfolio worth approximately \$140 million, **ascribing no value to the capital-lite storage and trading business that just printed \$49 million in EBIT for FY 2026 or \$43 million in EBIT** after deducting all of the corporate overhead and stock compensation expenses.

Over the past few years the financials have been a bit messy due to these changes: they've been writing off some goodwill, writing down their investment stake in Mene and client assets are also reported on the financials that need to be excluded. Today the current makeup of the business is a lot more simplified and is made up of:

- 1) Goldmoney.com
- 2) Goldmoney Properties
- 3) Investment in Mene

The Goldmoney platform is tied to the price of gold and other metals that they help customers store and transact in. Most precious metals have been on a tear this past few years which has increased Goldmoney's customer AUM from under \$3 billion a couple of years ago to now \$4.5 billion. This has created a dramatic increase in earnings as this segment did \$20 million in operating income last year compared to \$49 million this year. The goal has been to get to \$10 million in consistent earnings power in this business which I think they've gotten to, even if the precious metals market retreats from the current highs.

Their Goldmoney Properties segment is where the proceeds from their sale of precious metals portfolio has gone into. They incorporated a UK subsidiary to invest in mainly UK office real estate as they had a view that it was a good time to purchase these hard assets that were producing cash flow at attractive yields. They've since acquired approximately 10 properties that were just recently valued at \$200 million against total mortgages of \$60 million and did \$11 million in net operating income in 2026. The mortgages on the properties are the type of debt you want against your real estate as they are non-recourse and can't affect the actual operating business should a property go underwater. They just sold a property for \$70.1 million which they purchased in 2024 for \$48 million, a sizable gain for a 2 year hold that also benefitted from the increase in the pound against the Canadian dollar as well.

One interesting property that they purchased is the Clarendon Estate in Oxford that they bought out of bankruptcy. This property is located in the heart of Oxford and is a shopping center with other retail and office space that they are in the midst of redeveloping. The redevelopment should be finished by roughly 2028 and if you read the sale pamphlet for when it was listed, it states potential Gross Developmental Value in excess of 300 million pounds vs the 27 million pounds they purchased it for. It remains to be seen if that number will be accurate and you don't need for this development to be worth that to do well but they've already shown some real estate savvy by selling their other property for a lot more than what they paid so we'll see what they can do with this and the other properties.

The other asset they own is a 36% interest in Mene Inc., a Canadian publicly traded company that makes and sells jewelry online. I don't have any strong opinion on this business and the most recent value of their stake was \$13 million. Even discounting this value, as it is essentially a control position that could be difficult to get out of at once on the public market, Goldmoney remains extremely cheap.

With a stock price of \$15 and shares outstanding of 12.5 million, the total market cap is \$188 million. Netting out excess cash, metals and discounting Mene value by 50% gives an enterprise value of \$130 million. Using the most recent balance sheet numbers, the net value of the real estate is \$140 million, creating the core storage/trading Goldmoney.com business for free. I'm not sure this 27 employee led business with essentially no capex or reinvestment needs should trade for this price. There is not a great 1 to 1 comparable I found in my research but using similar types of businesses like Sprott Inc. or the Brink's that trade at valuations 10x EV/EBIT or greater than where Goldmoney currently trades and I don't think such a large gap is justified. I can get to 50% upside on a more realistic multiple to the business and if this new precious metals market is here to stay with the real estate development potential, upside could be 100% or more. Against this backdrop, the company has been decreasing the shares outstanding by buying stock in the open market. Over the past 5 years, they've retired 17% of their shares outstanding.