Relative Value Specialists - Investment Report – August 2026

J. Safra Sarasin has acquired 100% of Saxo Bank
J.Safra Sarasin has a Capital Ratio which is double that of most large European Banks

The majority of Client accounts* once again posted new all-time high valuations in August, PVM remains very cautiously invested and positioned to take advantage of any significant market corrections.

The US economy continued to produce weak growth levels, with real US GDP rising just +1.5%, which is funded by an unsustainable 6% budget deficit. The S&P 500 Index yields a record low 1% and US 10-year treasury bonds are yielding 4.8%. You can follow the US budget deficit developments live on https://usbudget.purevaluemetrics.com/

Austrian Hydro Power

In your portfolios you will find **EVN AG**, this is mainly an Austrian Electricity grid distributor, but they also have 65 hydro power plants, largely rivers based.

We have also now added **Verbund AG** which has 130 hydro plants, many in the highest mountains. We understand that you might be concerned about a lack of water, given climate change, however even if there is less water, this is usually compensated by higher electricity prices, and they are actively engaging in improved storage such as the higher dam in Kaprun (photo page2).

They are also building pumped storge plants which act like giant batteries: they use surplus electricity to pump water uphill, then release it through turbines when the grid needs power.

Electricity grid stabilization is one of key factors in being able to use renewable energy effectively and in large parts of Europe it has simply been an afterthought, when renewable energy is commissioned.

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The **Pure Value Metrics Investment Matrix** has currently the same low percentage portfolio equity exposure as **Berkshire Hathaway**, even if these are in different companies.

<u>August Portfolio Returns Summary</u>

Amongst the equity positions held, **Kali & Salz** (agricultural fertilizer)**, BHP** (commodities) were the best performers; whilst **Brembo** (braking systems) and **Taylor Wimpey** (house building) underperformed**.**

<u>Recent Portfolio Changes</u>

Verbund (Austrian Hydro) was added to the portfolios, whilst the majority of the positions were sold in **Greggs Group** bakery (due to pending food price inflation) and **Bellway housing** (rising interest rates/bond yields). **Hapag Lloyd** shipping logistics & **Barratt Redrow** (house building) were also reduced.

<u>Multi Asset Class Portfolios</u>

We have taken profit on long **Palladium** currently, disappointed by the US EPA cancelling the Auto Stop/Start credits.

The short **CHF**/ long **JPY** position has started reverting back towards Purchasing Power Parity.

Portfolio Construction*

Pure Value Metrics Client Portfolios are built “bottom up” with a selection of companies found in the latest PVM Investment Matrix. They are very well diversified across Countries and Industry Sectors, the Companies and Sectors rotate over time with changes in their relative valuations.

Yours Sincerely,

Richard-Mark Dodds
Chairman & Chief Investment Officer

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* Please note this is a referential PVM portfolio; your own portfolio may differ.

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