

19 March 2025

Afzal Holdings: 2025 Investment Letter

As of March 19, 2025, Our investments have yielded a strong 13.73% compared to the S&P500's -4% year to date.

My view is that there are currently more attractive opportunities globally compared to US businesses. This was the primary reason behind increasing exposure and allocating more capital to countries such as China and Pakistan where valuations were much more compelling.

We don't predict market movements or geopolitical events — our focus is solely on whether American businesses are attractive at current prices compared to opportunities elsewhere. In my view, even after the recent decline, there are more attractive opportunities abroad with a stronger margin of safety.

Our cash holdings remain at a conservative 50%, ready to be deployed when American businesses offer more attractive opportunities. As always, we prioritize a strong margin of safety and long-term holding periods. While we can't predict when a full bear market will arrive, we can say with certainty that we will invest aggressively when it does.

Our current holdings have proven to be resilient even in market downturn and we will continue to look for such opportunities over the long term. This may result in stronger performance in bear markets, but we expect to do reasonably well when markets do rise. Along with the rise of markets, we anticipate our investments to provide attractive returns.

Going forward, I will be writing an annual letter explaining my vision and strategy which will be released at the end of the year.

Sincerely,

Ateeq Afzal