ISHIZUE RISK ASSET MANAGEMENT

To potential interested investors of Ishizue Risk Asset Management.:

Since moving away from Japan in 2014, I have returned four times to a culture that remains deeply rooted in its foundations. There is a profound fascination to be found in its structure, its order, and its pervasive cleanliness. In Japan, time does not merely pass; it slows, demanding a degree of presence and "shutting off" that facilitates a necessary return to calmness.

This temperament is exactly what is required for successful investing, yet it is precisely what the modern world lacks. We live in an era of "unease", where the ability to sit tight and remain still is a vanishing virtue. Technology has bridged the gap between the living room and the casino; "gambling" is now just a click away within an app.

However, true investing is the antithesis of this frenetic activity. As Buffett often suggests, my favorite holding period is "forever," and as Howard Marks notes, the most important thing is often what you *don't* do. Investing should not be a pursuit of adrenaline; it should be more like my journeys to Japan—an exercise in patience, a respect for tradition, and a commitment to stillness in a world that cannot stop moving.

Philosophy

At Ishizue Risk Assessment Management (IRAM), the philosophy is embedded in its name. *Ishizue* translates to "foundation", the essential, unshakeable base upon which all enduring structures must be built. In the world of capital, that foundation is not the pursuit of the spectacular, but the disciplined management of risk.

Mainstream theory suggests that higher returns require higher risk. I find this to be a shallow observation, particularly over the long term. True investment excellence is found in the asymmetry of outcomes. Consider the S&P 500: it is a collection of the five hundred largest enterprises in the United States, yet history tells us that roughly 20% of these firms will likely cease to exist or become irrelevant within the next decade. Our strategy is rooted in a simple truth: "To win, you must first not lose".

Identifying the "next Nvidia" is a pursuit fraught with luck and intense competition. However, identifying the structural weaknesses of the bottom 20%, the companies with fragile balance sheets or decaying moats, is a much more achievable and repeatable task. By systematically avoiding the losers and eschewing "stupid decisions," we allow the winners in a portfolio to take care of themselves.

Last Year's Performance

In 2025, IRAM performed better than expected. The markets faced high valuations and an "AI investment frenzy" where revenue streams remain too intangible to justify the market's excitement. My benchmark remains the MSCI World, and the internal target is a 12% annual return. I believe that if a manager cannot provide a 12% return over time, the investor would be better served by a low-cost index fund. I would rather suggest the index than settle for mediocre active management.

The Dividend Portfolio: The conservative anchor. Its objective is to remain in line with the market by simply refusing to do anything "stupid." This year marked a significant milestone, as it beat the market for the first time since 2021. While overall, still remaining ahed since inception.

The Compounder Portfolio: This is the "portfolio of focus". It consists of a tiny universe of "*Super Companies*" (bought at a fair prices of course). Since its inception in 2024, this portfolio has outperformed the market in both years.

Charlie Munger often noted that, in the long run, a stock price will eventually follow the underlying business's performance. The Compounder portfolio is built on this conviction. It holds natural monopolies such as *Visa*, *Mastercard*, *Moody's*, and *S&P Global*. These firms possess "toll-bridge" status and incredible pricing power. They consistently return high ROIC and margins, while mostly maintaining double-digit earnings growth, even in inflationary environments. Most importantly, they do not require massive capital reinvestment just to stay in the race (except for *Berkshire* to some extend which will always remain an anchor). They are compounding machines that allow us to ignore market noise and focus on the decades ahead.

Full throttle ahed

At Ishizue Risk Assessment Management, "full throttle" should never be mistaken for a frantic race to buy anything and everything. In the investment world, activity is often the enemy of performance. For me, accelerating means narrowing my focus, not widening it. It means increasing the concentration of capital into what I call the "*Super Companies*", fortresses like *Visa*, or *Moody's*.

My primary hunt for 2026 is the discovery of more such compounding machines. I am not looking for "good" businesses; I am looking for the extraordinary ones that possess an unassailable "toll-bridge" status. Howard Marks often speaks about the necessity of "calibrating" risk. He argues that when the environment is favorable and your investment process has been validated by results, it is not just okay to be aggressive—it is a duty.

Consequently, I will be shifting capital away from cash reserves (*15% of current allocation*) and the more conservative "Dividend" holdings. This capital will be redeployed

into the "Compounder" portfolio. While the Dividend portfolio has served its purpose as a steady anchor, highest long-term rewards belong to those who have the courage to concentrate their bets on the finest businesses the world has to offer. As Sir Chris Hohn suggests, if you have found a natural monopoly with massive pricing power, the greatest risk is not owning enough of it.

As Charlie Munger used to say: *"A few giant opportunities, clearly recognized as such, will usually work out quite well."* In 2026, I intend to do the recognizing.

January 7, 2026

Peter Anders
Owner

Year	Annual Percentage Change	
	IRAM [Dividend]	MSCI All Country World
2020….....	13,7%	5,4%
2021….....	34,7%	28,6%
2022….....	-17,1%	-13,9%
2023….....	16,4%	18,3%
2024….....	16,0%	25,7%
2025….....	12,6%	8,6%
Compounded Annual Gain – 2020-2025	**12,7%**	**12,1%**
Overall Gain – 2020-2025	**91,9%**	**85,5%**

Year	Annual Percentage Change	
	IRAM [Compounder]	MSCI All Country World
2024….....	28,8%	25,7%
2025….....	10,9%	8,6%
Compounded Annual Gain – 2024-2025	**19,9%**	**17,2%**
Overall Gain – 2024-2025	**42,7%**	**35,0%**