

Blue Tower Asset Management, LLC
311 RANCH ROAD 620 SOUTH
SUITE 111
AUSTIN, TX 78734

January 12th, 2026

I am happy to report that 2025 has been the best year for our investment strategy so far. This has been the best year on both an absolute basis and relative to the market. The Blue Tower Global Value strategy composite gained 13.15% net in Q4 (13.46% gross) bringing the total net gain for 2025 to 53.11% (54.75% gross). Please refer to your individual account statements as they will differ slightly from the composite.

In Q4 2025, the two biggest contributors to performance were Enova (NYSE:ENVA) and Georgia Capital (London:CGEO). These two companies were also responsible for the majority of our 2025 gains with Enova gaining 64% and CGEO gaining 178%¹ last year. We should also give recognition to Wesco International (NYSE:WCC), Bel Fuse Inc (Nasdaq:BELFB), and Ishihara Sangyo Kaisha (Tokyo:4028) which all had great 2025 returns even though they were smaller positions in Blue Tower's portfolio.

In this letter, I will briefly go over the past year's developments for Enova and Georgia Capital and why we believe that they are still attractive investments even after their share price appreciation.

Enova agrees to acquire Grasshopper Bank

Enova continued growing organically in 2025. Year-over-year originations grew by 22% in Q3 2025. They have added new retail and business borrowers and their underwriting algorithms are continuously updated. Machine learning models are retrained frequently (in some cases daily), and these models drive their underwriting decisions (85% of which are completely automated). Their models materially improve repayment predictability versus bureau scores alone. And most importantly, the information in their customer databases continues to accumulate, which is the fuel for their data-driven underwriting process.

They also continued with their share buybacks, reducing share count more than 5% over 12 months from 26.27M in Q3 2024 to 24.88M shares in Q3 2025. These buybacks have been ongoing for several years. At the beginning of Q3 2021, they were at 36.87M shares.

The biggest jump in stock price came in December after Enova announced the acquisition of Grasshopper Bank. This acquisition has the potential to be particularly transformative due to the synergies between the two companies. Enova is paying Grasshopper \$369M in cash and stock for the acquisition (Enova ended the year with a market cap of \$4.4B). Despite the increased share count, the transaction is expected to be accretive to EPS. The guidance from Enova is that once the synergies are fully realized beyond the first year, they expect EPS increase attributable to this acquisition to be greater than 25%. Founded in 2019, Grasshopper is full-service digital bank with more than \$1.4 billion in total assets as of September 30, 2025. Through its direct and Banking-as-a-Service (BaaS) product offerings, Grasshopper holds approximately \$3 billion in total deposits as of September 30, 2025. These deposits are low-cost and sticky compared to Enova's current funding, significantly reducing the financing costs for Enova's lending and therefore boosting their net interest margin.

¹ 178% takes into account the 7.7% gain of the GBP against the USD. CGEO gained 158% when denominated in GBP

Enova is acquiring Grasshopper Bank primarily to pair Enova's online consumer and SMB lending business with a full-service digital bank and national bank charter, creating a diversified and more vertically integrated financial services platform. This merger will open up many new lines of business for Enova and will allow them to offer new banking and lending products in many of the states where they operate.

Enova is a rapidly growing fintech that has returned capital through buybacks and has a long runway of future growth ahead of it. It is amazing that even after the recent share price increase, the stock can still be purchased for 9x the consensus estimate of their FY2027 earnings².

Georgia Capital's Excellent 2025

Georgia Capital, a conglomerate of several high-quality businesses in the Republic of Georgia, had a truly outstanding year. The net asset value (NAV) of their portfolio companies rapidly increased and shares were aggressively repurchased, increasing NAV per share by 41% (in GEL) in just the first 9 months of 2025³. Additionally, the Georgian Lari (GEL) gained against the USD by 4.36% in 2025. Overall, the economy of Georgia has been extremely strong this year with rising standards of living and high GDP growth.

A little over half of CGEO's portfolio is comprised of private businesses that are valued in their NAV calculation based on net income or EBITDA multiples. As their private portfolio companies had rapid earnings growth in 2025, this also increased the NAV. Their only publicly-traded holding is the Lion Finance Group PLC (formerly Bank of Georgia Group PLC), which doubled in share price in 2025 on strong growth and earnings.

The management company pursued aggressive deleveraging and executed early redemption of \$100M USD of its \$150M USD local bonds.

Their healthcare operations purchased a local firm, Gormed LLC, which had 3 clinics in central Georgia. Their insurance business exited loss-making contracts, improved underwriting, increased premiums, and achieved better combined ratios and returns on equity in the high 30s.

Despite the dramatic share price increase in 2025, Georgia Capital still trades at a discount to its most recent NAV calculation (share price is £31.15 vs £40.93 NAV) and remains cheap relative to the operating cash flow of their underlying businesses.

2026 Ahead

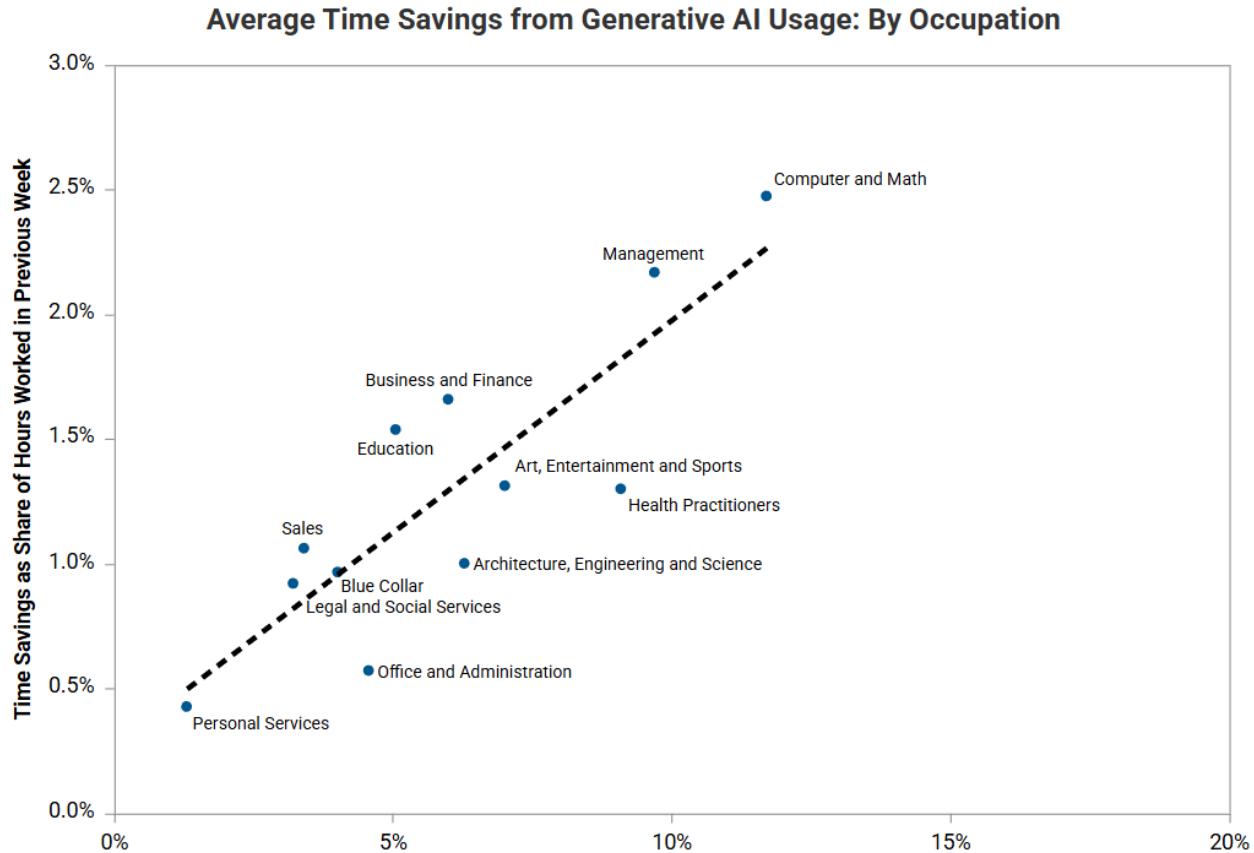
In Blue Tower's early years, we faced a headwind from value stocks continuously underperforming expensive stocks and the US market outperforming international. As we described in our Q3 2025 letter, this headwind has now turned into a tailwind that should benefit Blue Tower's investment style. US stock valuations are still high relative to international stocks and the valuation spread between cheap and expensive stocks is one of the greatest in market history.

While some market commentators have claimed that AI investment is a bubble which will fail to have significant improvements to worker productivity, I believe that there is true innovation in this space and that AI-based tools are already having measurable impacts on businesses and worker productivity. I have found AI tools to be very useful as a search tool to find information from company call transcripts and filings. A February 2025 survey-based study from the St. Louis Federal Reserve finds U.S. workers who used generative AI in the prior week reported saving

² Refinitiv data as of Dec 24, 2025

³ For the first 9M25, shares outstanding were reduced by 8.8% and NAV increased by 28.9%

enough time to translate into roughly a 1.1% aggregate productivity gain⁴. These productivity gains will increase in the near future as higher quality AI tools become available. I will explore the topic of AI's near-term effects on the economy in a future letter.



Source: Federal Reserve Bank of St. Louis, Alexander Bick, Adam Blandin, David Deming

Thank you for your continued trust in Blue Tower. Please contact me with any questions you have.

Sincerely,

Andrew Oskoui, CFA

Portfolio Manager

Disclaimer: This commentary does not represent a recommendation to trade any particular security, but is intended to illustrate Blue Tower's investment approach. These opinions are current as of the date of this commentary but are subject to change. The information contained herein has been obtained from sources believed to be reliable but the accuracy of the information cannot be guaranteed. Past performance is no guarantee of future results.

⁴ Alexander Bick, Adam Blandin and David Deming, "The Impact of Generative AI on Work Productivity," St. Louis Fed On the Economy, Feb. 27, 2025.