

## Q3 2025 Investor Letter

The Art of Doing Nothing

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### Results as of 9/30/2025

The JB Global Capital results for Q1-Q3 2025 and since inception are presented below, along with comparable results for a leading global stock market index and the S&P 500. These results have been achieved without the use of leverage, shorting, or financial derivatives of any kind.

Time Period	JB Global Capital Fund	VT World Index	S&P 500 Index
Q1 2025	41.4%	-1.1%	-4.6%
Q2 2025	-3.4%	10.8%	11.1%
Q3 2025	38.4%	7.2%	7.8%
YTD¹	76.4%	16.9%	14.3%
Since Inception (2023)	117.9%	51.3%	61.1%

Table: Jack Beiro • Created with Datawrapper

During Q3 2025, the JB Global Fund appreciated by 38.4%, reaching a new all-time high at quarter-end. We have significantly outperformed our benchmarks for the quarter, year-to-date, and—most importantly—since launching the fund on January 3, 2023. Our performance to date stems largely from our decision to heavily overweight Chinese equities throughout 2023 and 2024, when market sentiment drove valuations far below what we considered reasonable relative to underlying earnings power. In our May 2023 article, *Investing through Geopolitical Risk*, we wrote:

While there are significant geopolitical risks associated with investing in China, we believe that capital markets have priced in many of these known risks. As such, long term investors who are willing to bear the China risk have an opportunity to purchase high-quality operating businesses at a significant discount. - JB Global Capital

Today, sentiment around Chinese equities—particularly Chinese tech stocks—appears to be shifting, driven by the precipitous fall of the U.S. dollar and the technological breakthroughs being reported by Chinese businesses.

At JB Global Capital, we run a highly concentrated portfolio with approximately 60% of available funds invested in a single company. We are comfortable with this level of concentration as it aligns with our temperament and investment philosophy. If you study how fortunes were built through stock market investing, you'll find that they weren't built through portfolios of 50 different companies. They were built by investors who correctly identified wonderful businesses and held them over the long term. When we say "wonderful," we are referring to businesses that are protected from the vicissitudes of the economy and against effective competition over decades.

### Impatience as the Enemy

The stock market, by its nature, does not incentivize the long-term ownership of securities. The stock market exists primarily to facilitate the trading of fractionalized shares-daily, with the ease of tapping a button: BUY or SELL. Gamified investing apps like Robinhood encourage active trading through reward animations commonly associated with gambling operations to motivate habitual behavior. These apps also typically have a trending stocks list, showcasing stocks with the highest daily volatility, (i.e. look at how much you *could've* made)

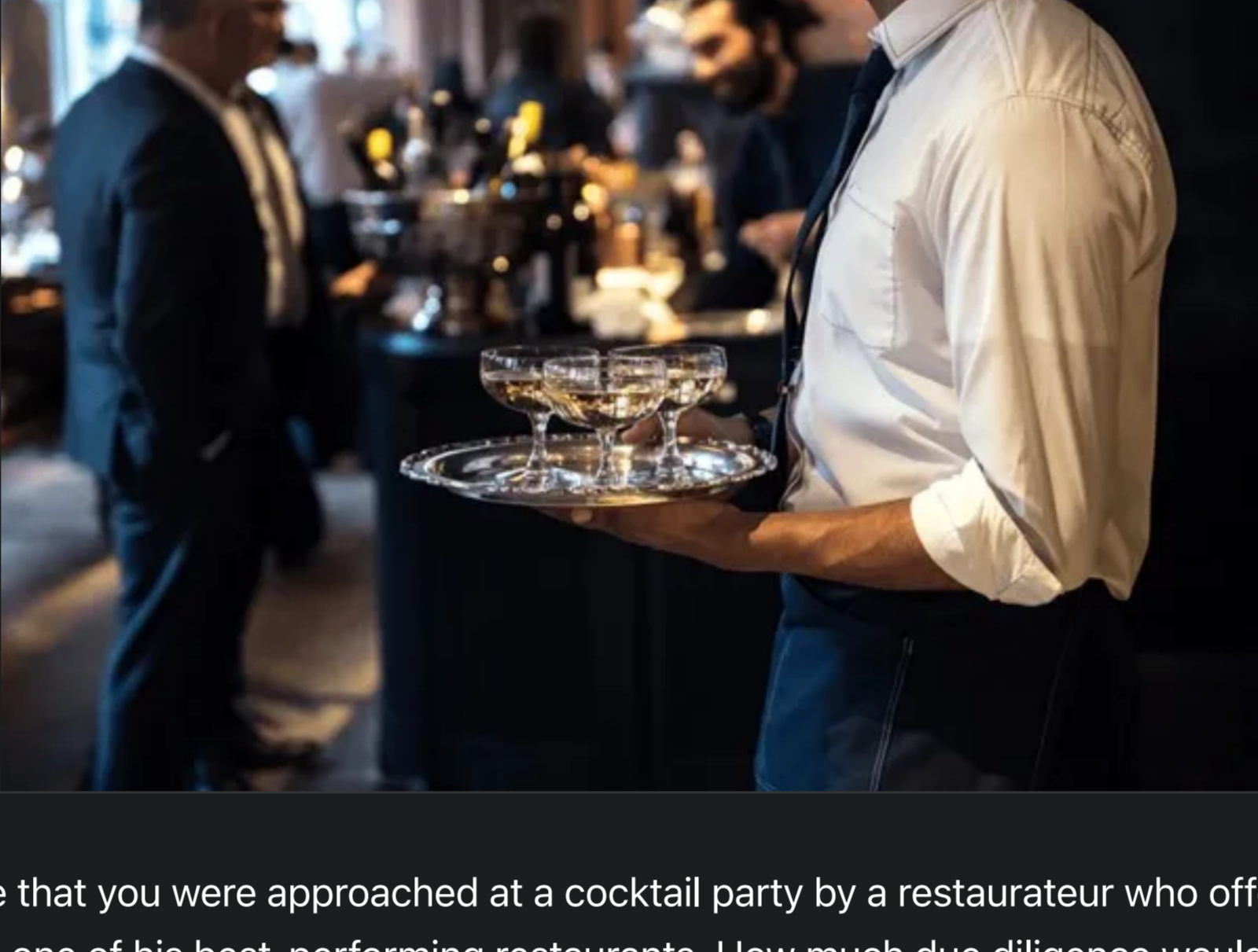
Financial news media reinforces short-term thinking through 24/7 news cycles, sensational headlines, and "top stock picks." Combined with the ease of online trading and constant **"do something!"** messaging, it's unsurprising that so many investors overtrade based on short-term news. The average U.S. equity holding period is approximately 10 months—a sharp contrast to the more than five years seen in the mid-1970s. While modern technology may have accelerated boom-bust cycles in business, we believe the primary driver of overtrading is the investment industry's compensation structure: the more clients trade, the more money the industry makes.



Investors have never really reconciled their ability to trade daily with the permanence of equity. We own the only permanent capital in a company's capital structure - everything else in the company; management, assets, boards, employees can change but our equity can still be there! - Nick Sleep, Nomad Partnership [Letters](#)

This short-termism is in direct conflict with the *nature* of equity. For example, if you own a 20% interest in a rental property, the ownership claim is permanently yours. The asset is there to produce earnings for you as long as it physically can. Chances are, you wouldn't look up a quoted value for your equity at 10am on a Monday, check again at 12pm, and again at 3pm. As absurd as this sounds, it is exactly what many investors do with their public equities, obsessively tracking stock price movements that update constantly throughout the day. This is purely non-productive behavior, especially when there is no intention to sell.

Another example of impatience commonly occurs during the research process. Before making an investment, it is standard practice to conduct due diligence. How *much* due diligence is necessary varies depending on the investor and the business in question. However, stock market participants often rush through this process—a tendency that becomes starkly apparent when compared to other forms of investment.



Imagine that you were approached at a cocktail party by a restaurateur who offered to sell you one of his best-performing restaurants. How much due diligence would be required to make an informed decision? In all likelihood, you would have many questions before committing to an investment. Some would involve intricate details: the current staff, menu, customer base, supplier agreements, location, pricing, and so on. You might even silently question the seller's motives. (*If this restaurant is so great, why are you compelled to sell it to me?*)

Now compare this to the buying process investors engage in with public equities. Imagine, at the same cocktail party, you were approached by another guest who told you about a technology company poised to change the world with its new A.I. model. He further informs you of how much money he has already made from the stock and how it's the opportunity of a lifetime. How much due diligence would you need to make a sound investment in this opportunity? You shouldn't be surprised to hear that many investors would be inclined to purchase shares the very next day—(*ironically, investors who have no real-world experience with advanced technology but visit restaurants regularly*).

### Portfolio Company Updates:

Alibaba Group Holding **BABA 0.37%↑**



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Alibaba reported its June quarter earnings, posting \$34.6B in revenue and \$6B in net income. Management has articulated its forward strategy, and we are pleased to see the company leveraging its significant resource advantage (~\$82B in cash) to prioritize aggressive growth. The company has entered a price war in the quick commerce space against rivals and has reportedly gained substantial market share from Meituan, the former market leader, in a relatively short period. Recent trends indicate that Alibaba has captured meaningful food delivery and quick commerce share while increasing spending only modestly compared to Meituan.

Looking ahead, Alibaba Group has two historic opportunities: to build a technology platform centered on AI + Cloud, and to create a comprehensive shopping and daily life services consumption platform. - Eddie Wu, CEO Alibaba Group, [Earnings Call](#)

The path forward is clear: leverage multiple consumption scenarios (food delivery, quick commerce, etc.) combined with AI and cloud capabilities to drive engagement across the company's vast global ecosystem of over 1B users. If successful, this strategy could create a self-reinforcing flywheel: **Higher Engagement → Increased Revenue → Increased R&D and Capex Spend → Increased Technological Capabilities → Higher Engagement**. We believe Alibaba is well-positioned to build a defensible moat around this strategy given its cloud market leadership, technological advantages, and massive global user base.

You can read our Earnings Review for Alibaba, [here!](#)

Addition- Lululemon Athletica Inc. **LULU 0.71%↑**

During the third quarter, we have opened a position in Lululemon Athletica Inc. Lululemon is a premium athletic apparel company founded in Vancouver, Canada in 1998 by Chip Wilson. The company has built a distinctive market position by combining high-quality, technically advanced fabrics with fashionable designs that transition seamlessly from workouts to everyday wear. Due to their early success, Lululemon is widely credited with popularizing and shaping the modern athleisure market. The brand has successfully cultivated a loyal community around its products through initiatives like complimentary yoga classes, running clubs, and local fitness events, positioning itself as a wellness lifestyle brand.

Putting aside the current narrative in the market, Lululemon's historical financial metrics are outstanding. The company has grown its revenue from approximately \$4B in 2020 to \$11B in the trailing twelve months, while maintaining average gross margins of roughly 58% during that time. To put this into perspective, the average gross margin for retail apparel is **33.05%**. With operating margins in the low-mid 20s and no debt to pay off, Lululemon is structurally profitable and financially sound.



Similar to Starbucks and, to a lesser extent, Apple, Lululemon's high margins are the direct result of its intangible brand asset. While the firm operates in an industry with many participants and low barriers to entry, its performance through challenges like COVID-19, inflation, and a general slowdown in activewear spending suggests that its brand is strong enough to consistently outperform peers. The brand has also demonstrated its ability to perform well outside the United States, with international sales growing 22% year-over-year as of the latest earnings report. Even more impressively, the company's profitability appears to be equally high in China as in North America: over the past four years, its segment operating margins averaged 37% in the Americas and 36% in mainland China.

From a capital allocation standpoint, we believe that Lululemon's management has been mostly sensible in its use of cash, as the majority of it has been funneled into organically expanding the business through store openings and boosting shareholder returns. Returns on invested capital over the last 5-years have averaged 34.6%, well above any reasonable estimate of WACC, indicating significant value creation. The company has been aggressively buying back stock, and we hope with the current situation, it continues to do so.

You can read our entire Investment Case for Lululemon for free, [here!](#)

### The Portfolio

Since inception, we have made 22 investments in 9 industries as classified by Morningstar. While the investments span throughout various sectors, there is material concentration in the sectors of internet retail, financial services, and cloud computing. We anticipate high volatility in the fund due to portfolio concentration, emerging market risk, and a contrarian investment strategy. We thank our partners and readers for their continued support!

Until next time,

**Jack Beiro**, MBA

JB Global Capital

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**BABA 0.37%↑ LULU 0.71%↑ NKE -0.60%↓ SHOO -0.67%↓ SCHE -0.40%↓**

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