Asymmetry
BY PORTER & CO.

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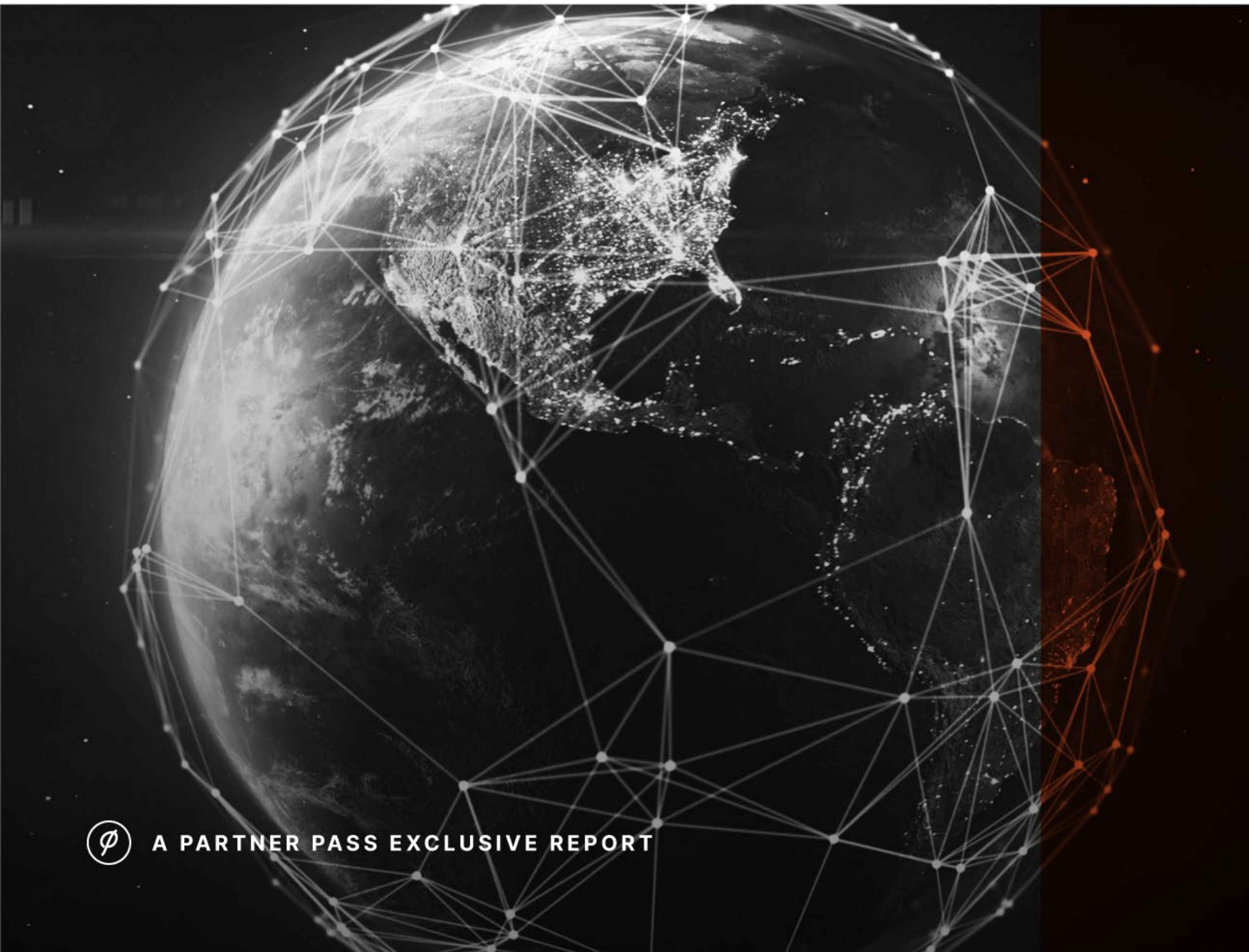
The Future Of Money Is Here

- And No One Seems To Have Noticed
- The Most Asymmetric Opportunity



A PARTNER PASS EXCLUSIVE REPORT

The Future Of Money Is Here

And No One Seems To Have Noticed

The Most Asymmetric Opportunity

SBI Holdings (Tokyo: 8473 JP) is our newest addition to Porter & Co.'s *Asymmetry* portfolio. SBI is a Japan-listed company that trades on the Tokyo Stock Exchange. We provide you with guidance on how to buy it at the end of the issue.

In October 2008, amid the worst financial crisis since the Great Depression, an obscure figure – known only by the pseudonym Satoshi Nakamoto – posted a nine-page paper to an online cryptography mailing list. The title was as unassuming as the author: *Bitcoin: A Peer-to-Peer Electronic Cash System*.

In these nine pages, Nakamoto proposed a way to move money across the internet without banks, clearinghouses, or government intermediaries – an idea that to most people at the time seemed utopian, dangerous, or both. The whitepaper's genius lay not in some radical new cryptographic breakthrough (the key building blocks already existed), but in how the whitepaper elegantly stitched them together to solve a problem that had bedeviled digital money for decades: ensuring no one could spend a monetary unit twice, without relying on a trusted third party to police transactions.

The solution was what Nakamoto called a ***blockchain***: a publicly verifiable ledger, distributed across a network of independent participants, in which each block of transactions was cryptographically linked to the one before it. Updating the ledger required collective agreement ("consensus") among participants, achieved through computational work that made rewriting history prohibitively costly. In Nakamoto's model, trust was no longer vested in a single institution such as a central bank, but in the mathematics of the system itself.

To most of the world, Bitcoin was a curiosity. But to a small cadre of technologists, economists, and libertarians wary of centralized control over money, it was a revelation. Here was an open-source monetary network, immune to the whims of central bank mandarins and the frailties of legacy payment rails. Over the next decade, Bitcoin would grow from a hobbyist experiment to a trillion-dollar asset class

Yet the deeper significance of Nakamoto's invention isn't the asset called Bitcoin – it's the blockchain-based financial infrastructure and monetary properties that Bitcoin has popularized. Bitcoin's fixed supply, predictable issuance schedule, and censorship-resistant design have increasingly elevated it to the status of "digital gold," a hedge against inflation and monetary debasement. At the same time, the underlying blockchain model has inspired countless other protocols and applications, from programmable monetary "smart contracts" (e.g., Ethereum) to real-time cross-border settlement systems (e.g., XRP).

Which brings us to today – and to a Tokyo-based financial conglomerate that is quietly positioning itself to be one of the biggest beneficiaries of this new monetary era. We first wrote about and recommended **SBI Holdings (Tokyo: 8473 JP)** in the February 2025 *Biotech Frontiers* issue – we explained how SBI has built a "boring," successful financial services franchise in Japan focused on a leading discount brokerage, regional banking network, asset management business, and insurance. But hidden on the company's balance sheet lies a blockchain asset worth multiples of SBI's current market capitalization.

Since our February issue, shares of SBI have risen more than 55%. Yet today, it offers a more favorably asymmetric risk/reward to investors than it did then. To understand why, we'll explore three areas:

1. SBI's legacy business
2. SBI's hidden blockchain asset
3. The catalysts poised to unlock SBI's value

SBI's Legacy Business

Warren Buffett likes to say that the three most important words in investing are "margin of safety." The margin of safety concept originates from Buffett's mentor Benjamin Graham, who wrote about it in his classic book *The Intelligent Investor*. Graham defined margin of safety as purchasing a security at a price that reflects a substantial discount to its intrinsic value. By buying at a price that reflects such a discount, an investor protects himself from errors in judgment, market declines, or unforeseen business setbacks. Buffett put it more colorfully: "A margin of safety means, don't try to drive a 9,800-pound truck over a bridge that says it holds 10,000 pounds. Build in a margin."

The first reason SBI Holdings presents such a favorable risk/reward today is that we can purchase the stock at a significant discount to the value of its legacy business alone – ignoring the hidden blockchain asset on its balance sheet altogether. In other words, if we focus on SBI's legacy business only, and ignore the blockchain piece altogether, we still have a margin of safety.

SBI's legacy business centers on financial services that the company sells synergistically, so that a customer in one service line has a higher probability of becoming a customer in another. The two main pillars are a leading discount brokerage (think of a Japanese Charles Schwab) and a leading regional banking network (think of a Japanese U.S. Bancorp or PNC Bank). SBI also has smaller, growing franchises in asset management and insurance.

Today, we can buy SBI stock for 9x the company's trailing 12-month earnings and less than 8x its expected earnings in 2026. As value investors would put it, that's "cheap."

To help us quantify how cheap, here are the comparable price-to-earnings (P/E) multiples of the U.S. companies whose business most closely resembles SBI's:

SBI's Comparable P/Es

U.S. Comparable	Trailing P/E	2026e P/E
Charles Schwab (SCHW)	**26x**	**21x**
U.S. Bancorp (USB)	**11x**	**11x**
PNC Financial (PNC)	**13x**	**12x**
Capital One (COF)	**12x**	**13x**
JPMorgan Chase (JPM)	**15x**	**15x**
Group average	**15x**	**14x**

On a trailing basis, SBI trades at an approximately 35% discount to this group. On a forward-looking basis, the discount is closer to 50%.

Of course, SBI is a Japanese company, not an American one. And while Japan has the world's fourth largest economy by GDP and third largest by financial assets, its economy is still quite different from America's – although both have stability and resilience relative to emerging markets such as Brazil, Russia, or even China. But it would make sense for us to compare SBI not only to similar U.S. businesses, but to Japanese peers as well.

The table below shows us P/E multiples for SBI's Japan-based peers:

SBI's Japanese P/E Peers

Japan Comparable	Trailing P/E	2026e P/E
TOPIX Index	17.5x	16.5x
Mizuho Financial	14.1x	11.8x
Mitsubishi UFJ	14.8x	13.3x
Sumitomo MFG	14.0x	12.1x
Average	15.1x	13.4x

The TOPIX Index is Japan's version of the S&P 500. SBI trades at a 50+% discount to the overall Japanese market. And compared to its Japanese financial services peers, SBI is still 35% to 45% cheaper.

Naturally, when a stock trades at a discount, there's a concern that the discount may reflect something amiss with the underlying business. But that's not the case with SBI: The company's core business has proven itself to be extraordinarily durable and robust – earnings have compounded at a five-year growth rate of 21%, while operating profit has compounded at an 18% rate over the same period.

My best guess as to why SBI's stock trades at a discount to Japan's TOPIX Index and its Japanese financial services peers is that SBI – like Berkshire Hathaway – is structured as a holding company with many different moving parts. For instance, SBI isn't only a market-leading discount brokerage like Schwab, although it *is* that… it's also a growing, profitable network of regional banks, including one of Japan's three largest regional banks, SBI Shinsei. Just as Berkshire Hathaway has occasionally, over its many decades, traded at a substantial discount to its intrinsic value as investors have struggled to appreciate its complexity, mainstream investors today seem to be ascribing a holding company discount to SBI for similar reasons.

Buffett has repeatedly invoked his mentor Ben Graham's maxim that in the short run, the stock market is a voting machine (i.e., a popularity contest)… but in the long run, it's a weighing machine (i.e., stocks eventually reflect intrinsic value). So it will be with SBI. The deep discount that the market ascribes to SBI's core business today gives investors a distinctive opportunity to buy the stock with a big margin of safety – and get SBI's massive blockchain upside proverbially "for free."

SBI's Hidden Asset – A Jewel In The Crown

Nearly a decade ago in 2016, when Bitcoin's price was still below $1,000, SBI quietly planted a flag in one of the most ambitious projects in digital finance: Silicon Valley-based Ripple Labs. At the time, SBI was already building a reputation as one of Japan's most forward-looking financial groups, keen to marry traditional banking with next-generation fintech. Recognizing the inefficiencies in global payments and the potential for blockchain to solve them, SBI partnered with Ripple to establish a joint venture, SBI Ripple Asia, aimed at modernizing cross-border transactions across Japan and greater Asia. SBI also invested in Ripple's Series B venture financing. That initial investment gave SBI a seat on Ripple's board, a substantial stake in Ripple's equity, and a strategic early allocation of Ripple's native digital token, XRP.

XRP itself is a cryptocurrency designed not as a speculative meme or a store of value, but as a bridge currency for real-world use: enabling near-instant, low-cost settlement of international money transfers. Unlike Bitcoin, which validates transactions via energy-intensive mining, XRP relies on its own consensus mechanism that allows for settlement in three to five seconds and throughput rivaling Visa's transaction capacity. In practical terms, this makes XRP one of the few digital assets with industrial-grade scalability and adoption by mainstream financial institutions. In the future, XRP could become the native currency of a global blockchain payments network that allows money to move across borders as quickly and cheaply as information does today.

Although SBI has never disclosed the precise number of XRP tokens it received as part of its Ripple investment, it's possible to "back into" an estimate by combing through SBI's public filings and making some reasonable inferences. My best estimate is that SBI owns between 3.9 billion and 4.5 billion XRP's. At today's price of $3.10 per XRP, that stake is worth about $12 billion to $14 billion – or 80% to 95% more than SBI's current market capitalization of $15 billion. Of course, if XRP appreciates to $10 to $12 per token over the coming years, as some credible observers have predicted, SBI's XRP stake could become worth 3x to 4x the company's entire current market cap.

But SBI's blockchain footprint goes deeper than XRP token ownership. The company also holds an 8% to 9% equity stake in Ripple Labs itself. Ripple is effectively building a blockchain-based competitor to both Visa and SWIFT (Society for Worldwide Interbank Financial Telecommunication), the archaic network used by 11,000 banks across 200 countries to send standardized instructions for cross-border payments and settlements. And unlike potential rivals such as Bitcoin, ether, and Solana, Ripple is already seeing widespread adoption of its technologies by mainstream financial institutions, especially in Asia. While Ripple is still a private company, it's likely to IPO in the future. When it does, it's plausible that it could achieve a market capitalization in the tens of billions and perhaps $100 billion – giving SBI shareholders another substantial windfall.

Taken together, these twin exposures – direct ownership of XRP and equity in Ripple – give SBI investors a one-of-a-kind asymmetric bet. The firm's legacy financial services franchise provides stability and a margin of safety. Meanwhile, the Ripple holdings offer convex upside that could, in the fullness of time, be worth multiples of SBI's present market value.

Catalysts Poised To Unlock Value

Readers of *Biotech Frontiers* know that with our biotech recommendations, we regularly focus on catalysts that we anticipate can unlock value. Biotech is replete with such catalysts – events such as clinical trial readouts, regulatory approvals, and strategic partnership or buyout announcements that can propel stocks hundreds of percent higher. Technology investments outside of biotech don't always feature such catalysts. Fortunately for us, there are multiple catalysts on the horizon that could help unlock the value of SBI's stake in Ripple.

Here are the five most important ones in the months and years ahead:

Catalyst #1: Passage Of The GENIUS Act

The U.S. Congress' recent enactment of the GENIUS Act – a sweeping piece of legislation that seeks to unlock financial innovation – marks the first comprehensive framework to integrate blockchain payments into regulated financial markets. The law paves the way for banks, brokers, and payment providers to adopt digital assets as settlement infrastructure, without the legal ambiguity that has constrained adoption. For SBI, this clarity is invaluable: It directly elevates the legitimacy of XRP as a cross-border settlement token and reduces regulatory overhang on Ripple's business model. A green light from Washington doesn't just reduce tail risk. It turbocharges the probability of mass institutional usage, multiplying the upside on both SBI's XRP holdings and its equity stake in Ripple.

Catalyst #2: Ripple's SEC Settlement

For years, Ripple's most significant weak spot was its high-profile litigation with the U.S. Securities and Exchange Commission ("SEC"). That chapter just recently closed. The settlement removes the existential threat that XRP might be deemed an unregistered security, a cloud that had capped U.S. adoption and kept major financial institutions on the sidelines. With this legal overhang resolved, Ripple is free to resume U.S. expansion and onboard new banks, fintechs, and payment corridors. For SBI, which holds about 4 billion XRP tokens and is one of Ripple's largest shareholders, this clarity translates into immediate value recognition: XRP can trade on major exchanges without risk discounting and Ripple itself can pursue growth unencumbered.

Catalyst #3: A Potential Ripple IPO

Ripple's management has long hinted at an eventual IPO, and it might happen soon. With regulatory clarity restored and its balance sheet flush from XRP holdings, Ripple could list on a U.S. exchange at a valuation in the tens of billions of dollars. For SBI, that would be a transformative event: its 8% to 9% equity stake would suddenly have a transparent market value, potentially worth billions in liquid stock. Moreover, the IPO process itself would compel Ripple to disclose its financials and business traction, creating a new narrative for mainstream investors who have yet to appreciate SBI's embedded exposure.

Catalyst #4: XRP ETFs And Ripple's Stablecoin

The exchange-traded fund ("ETF") wave that legitimized Bitcoin and Ethereum is now poised to expand. Approval of XRP spot ETFs would open the door for a flood of institutional and retail capital, dramatically increasing liquidity and price discovery for XRP. Simultaneously, Ripple is preparing to launch a U.S. dollar-backed stablecoin – a move that extends its reach from cross-border payments into stable settlement rails for decentralized finance ("DeFi"), commerce, and remittances. For SBI, both developments magnify the use cases for XRP and embed Ripple deeper into the financial plumbing of tomorrow. As ETF inflows and stablecoin adoption accelerate, the market value of SBI's XRP trove and its ownership stake in Ripple itself could climb into multiples of SBI's own current market capitalization.

Catalyst #5: A Potential U.S. Listing For SBI Holdings

Finally, SBI itself could take steps to close the valuation gap by pursuing a U.S. listing – either via an American Depositary Receipt ("ADR") or a tracking stock linked to its Ripple/XRP holdings. Such a move would unlock access to a broader pool of investors who understand the crypto-fintech growth story and are willing to value SBI on that basis. Today, SBI trades largely as a Japanese financial conglomerate with blockchain optionality ignored by local markets. A U.S. listing could flip that perception: reframing SBI as the only publicly traded, institutionally credible vehicle for exposure to Ripple and XRP. That re-rating alone could narrow the gap between SBI's market cap ($15 billion) and the mark-to-market value of its embedded blockchain assets.

Conclusion

Charlie Munger, Warren Buffett's business partner of over 50 years, once memorably said:

> *"You have to be willing to be very patient and wait for the right pitch. And when you get the right pitch, you have to be ready to swing hard. You can't just take a teeny tiny swing. You have to swing with all your might."*

Today, SBI Holdings presents investors with the kind of "fat pitch" Munger was describing. A stable, growing, high-quality legacy business in financial services that trades at a single-digit P/E multiple – a huge discount to both U.S. and Japanese peers. And, effectively "for free," substantial exposure to one of the most promising, ascending stories in the brave new world of blockchain-based finance – a chance to own a piece of "the future of money," while not paying up for it. We should take advantage.

Action to Take: Buy SBI Holdings (Tokyo: JP 8473) up to ¥7,200 per share

Instructions For Buying SBI Holdings

International trading involves buying and selling of securities in foreign markets. The process includes costs such as a commission to cover settlement costs, local broker fees, and fees specific to some foreign exchanges. Choosing U.S. dollars as the settlement currency will incur a foreign currency exchange fee. The return can be affected by fluctuations in the foreign currency against the U.S. dollar. The execution of orders can happen on the primary exchange or regional exchanges within the market, determined by a local broker in each country. All foreign currency and international stock balances will be listed in your Positions. There are certain requirements and standards that need to be adhered to while trading in international markets.

Please note that shares trade in round lots where one unit is 100 shares.

How To Buy International Stocks On Interactive Brokers (IBKR)

Step 1: Open and fund an IBKR account

- Visit **Interactive Brokers** and sign up for an account if you don't already have one.
- Enable multi-currency trading and foreign stock trading permissions in your account settings. To trade foreign stocks, these trading permissions must be added through Client Portal by following these steps:

1. Log into Client Portal

2. Select the User menu (head/shoulders icon, top right) and click Settings

3. Find the Trading section under Account Settings

4. Click Trading Permissions

5. Select Add or Request for the **multi-currency trading and foreign stock trading permissions**

6. Review and approve required disclosures and agreements

For cash accounts, currency conversion is required if the necessary currency is not held. For margin accounts, a loan will be created. Permissions are typically approved within 48 business hours.

Step 2: Convert currency (optional but recommended)

- IBKR allows you to convert USD to the foreign currency you need before trading.
- To convert:
    - Go to **"Trade" > "Convert Currency"**
    - Select the currency pair (USD to JPN)
    - Enter the amount and execute the trade to so you have Japanes Yen
    - This avoids auto currency conversions, which may have higher fees.

Step 3: Search for the stock

- Use **IBKR's Trader Workstation (TWS) or Client Portal**
- Search for the stock by name or ticker
- Select the appropriate **foreign exchange (TSE for Tokyo)**

Step 4: Place the order

1. Enter your order details, review fees, exchange rate impacts, and trading hours (foreign markets have different time zones).

2. Submit the trade. If you'd like to place a trade while the market is closed, we suggest placing a limit order where you set a maximum price at which you want to buy or sell the security. Unlike a market order, which executes immediately at the best available price, a **limit order** will only execute if the stock reaches your set price or better.

Step 5: Monitor holdings and adjust

- Use **IBKR's Portfolio Management tools** to track international stocks.
- Be aware of **foreign taxes and dividend withholding rates** (IBKR provides tax documentation to help with this).

Click here for a video tutorial from Interactive Brokers.

How To Buy International Stocks On Fidelity

Fidelity Investments offers international stock trading, but it's somewhat limited compared to Interactive Brokers. You can either trade directly on **foreign exchanges** (limited selection) or **buy American Depositary Receipts (ADRs)** and international ETFs. We are recommending the shares of SBI Holdings that trade on the Tokyo Stock Exchange (rather than the ADRs), so you will need to enable your account to trade **directly on foreign exchanges**.

1. Go to **Fidelity's website** and open a brokerage account, if you don't already have one.

2. Ensure your account has **international trading enabled** (this may require a request via customer service).

  a. Or follow this link to **enable your eligible account(s) online**.

3. Once registered and ready to make the trade, call Fidelity's **International Trading Desk** to place the order over the phone.

- Fidelity **automatically converts USD to the local currency** for foreign stock purchases. Be mindful of exchange rates and fees.

How To Buy International Stocks On Charles Schwab

If you have a standard Schwab account, you can place trades over the phone through the Schwab Global Trading Desk at **800-992-4685**.

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P.S. If you'd like to learn more about the Porter & Co. team, you can get acquainted with us **here**. You can follow me (Porter) on **X** here: **@porterstansb**