

CHINA'S AI LANDLORD

- COLLECTING RENT FROM ALL THE PLAYERS IN THE GAME
- CHEAP, HATED, AND IN AN UPTREND



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Collecting Rent From All The Players In The Game

Cheap, Hated, And In An Uptrend

In a modest office on the 13th floor of 1440 Kiewit Plaza in Omaha, Nebraska, Warren Buffett sat alone amid stacks of annual reports from companies abroad that few U.S. investors even knew existed. It was the early 2000s, and while the rest of the financial world chased glitzy tech hype, the CEO of Berkshire Hathaway quietly made his way through one foreign annual report after another, searching for what he always did: a disconnect between price and value.

He eventually found the English-language annual report for China's leading oil producer, PetroChina. A dominant, massive energy producer then trading at barely 3x earnings, with a transparent dividend policy and steady earnings, the company immediately intrigued him.

Between 2002 and 2003, Buffett bought a 1.3% stake in PetroChina, paying about \$488 million.

Less than five years later, he exited the position, netting Berkshire Hathaway in excess of \$3.5 billion – a greater than 7x return.

What made Buffett's PetroChina investment remarkable was how audaciously contrarian it was for its time. In the early 2000s, China was completely off most U.S. investors' radars. Yet Buffett recognized the simple arithmetic of value – and came to it by fishing in less popular waters, a stratagem he had applied many times in different ways throughout his storied career.

Today, as U.S. stock valuations levitate at or near their highest levels in history, and artificial-intelligence ("AI")-related stocks in the U.S. trade at stratospheric levels, we borrow a page from Buffett's playbook and turn our attention abroad – as he did, to China.

There, we find a market that Porter's old childhood friend and business partner Steve Sjuggerud would have described as a classic case of **"cheap, hated, and in an uptrend"**... and an opportunity to buy a near-certain winner in China's own AI boom at a fraction of the price that comparable companies trade at in the U.S., giving us a realistic possibility of earning 10x returns over the coming years.

This month's recommendation is **GDS Holdings (Nasdaq: GDS)**, and to understand what makes GDS a compelling investment, we'll look at –

1. How to assess whether we're in an AI bubble
2. The keys to picking winning AI stocks in this environment
3. Why our search brings us to China, and to GDS specifically

Let's begin.

Are We In An AI Bubble?

Anyone seeking to profit from AI investments today must have a clear view on whether we're in an AI bubble. This label – *bubble* – is one we hear a lot in the context of AI these days.

What does it really mean?

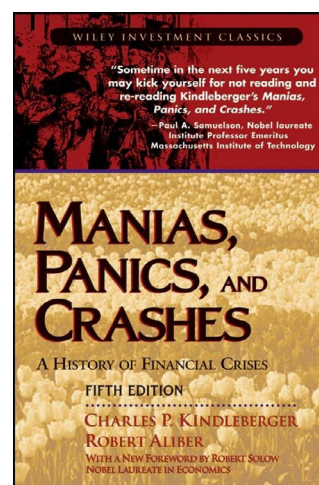
In his classic book *Manias, Panics, And Crashes: A History Of Financial Crises*, Charles P. Kindleberger defines a financial bubble as “an upward movement in prices... that feeds upon itself; rising prices attract ever-increasing numbers of buyers seeking to profit from the price rise, until the process becomes unsustainable.” At the heart of Kindleberger's definition are two crucial elements that define a bubble:

1. Asset prices that detach from fundamentals, driven by
2. Excessive optimism and herd behavior

Working from Kindleberger's definition, it's clear U.S. stocks are amid an AI bubble today. Let's begin with the relationship between asset prices and fundamentals. Historically, three measures have proven to be the most powerfully predictive indicators relating current stock valuations to future returns:

- The 10-year cyclically adjusted price-to-earnings (“P/E”) ratio
- The stock market's overall price-to-book ratio, sometimes called “Tobin's Q”
- The ratio of the total market capitalization of stocks to U.S. GDP, sometimes called “the Buffett indicator”

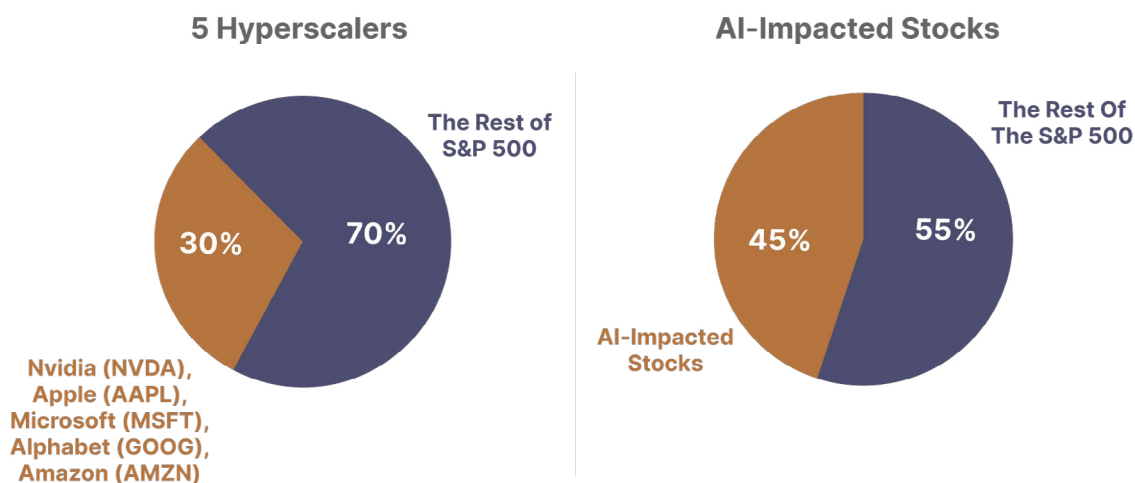
Today, all three indicators are at historically high levels – in fact, they're flashing red. The 10-year cyclically adjusted P/E for U.S. stocks stands at 41.2x, only the second time in history it has exceeded 40x – the other being in late 1999, on the eve of the dot-com crash. Meanwhile, the stock market's price-to-book rate is at 2.0x, the first time in its 120 recorded history it has had a 2-handle. And at 220%, the ratio of the total market



capitalization of stocks to U.S. GDP is also at an all-time high, more than double its historical mean of 90%. In every prior instance that these measures have levitated so far above their means, a violent crash has eventually ensued.

Another way to see how asset prices have detached from fundamentals is to focus on the composition of the stock market's capitalization. Today, just five stocks – Nvidia (NVDA), Apple (AAPL), Microsoft (MSFT), Alphabet (GOOG), and Amazon (AMZN) – comprise nearly 30% of the S&P 500's total capitalization. In the meantime, a recent analysis by the Bank of England places what it calls "AI-impacted stocks" at 45% of the U.S. market capitalization. In plain English, nearly one half of the U.S. large-cap market today is a bet on AI. When so much of the overall stock market's value rests on one narrative – and on one narrow sliver of stocks – it's a powerful sign that we've detached from fundamentals (to draw from Kindleberger's definition) and become attached, instead, to a euphoric story.

Share Of S&P 500



A final way to perceive the mismatch between asset prices and fundamentals is to zero in on the bellwethers. Let's take Nvidia, whose chips are the engines of the AI revolution. Nvidia's market cap recently crossed \$5 trillion, making it the most valuable company in the world. What would be a fair price to pay for a business like this? Historically, the world's very best businesses – the ones that most closely resemble a permanent annuity stream, their earnings as predictable as a metronome – have traded at 30x their mature earnings. At \$5 trillion of market cap, 30x P/E implies about \$166 billion in annual earnings for Nvidia once the business levels off from its hypergrowth stage and reaches maturity.

In 2025, Nvidia earned nearly 20% of that level – \$30 billion. Do I think Nvidia will grow its earnings from last year? Yes, absolutely. But do I believe the company will grow its annual earnings 550%, from \$30 billion to around \$165+ billion... and then be able to sustain its earnings semi-permanently at that higher level? No – I think such a scenario is incredibly unlikely.

So whether we focus on the stock market's valuation, on its value composition, or on key bellwether names like Nvidia, the mismatch between prices and fundamentals today is clear.

Let's turn to Kindleberger's other telltale sign of a bubble: excessive optimism and herd behavior.

Measuring euphoria is not as straightforward as measuring stock valuations, because we lack a commonly accepted set of metrics like P/E, price to book, and market cap to GDP. But we can still approach the question in a data-driven way. For instance: One recent analysis found that 374 of the S&P 500 companies referenced AI on their earnings calls – and nearly 90% of those references were wholly positive, with no discussion of downside or execution risks. This analysis focused on narrative, or the stories companies are telling. We can also see powerful circumstantial evidence of herd behavior in U.S. corporate capex spending. AI-related capex in 2025 topped \$350 billion and briefly exceeded 1.2% of GDP – putting it on par with past capex frenzies such as the telecom/internet bubble of the 1990s. When companies talk about AI in one-sidedly positive terms and spend on AI without capital discipline, we know an "AI = future growth" euphoria has taken over.

Financial bubbles end in tears for investors. But let's also be clear about what identifying a financial bubble **doesn't** tell us . . .

First, it doesn't tell us how long the party will last. As the maxim widely attributed to early 20th-century economist John Maynard Keynes goes,

| *"The market can stay irrational longer than you can stay solvent."*

In the late 1990s, the heyday of the internet bubble, what then Federal Reserve Chair Alan Greenspan memorably described as the market's "irrational exuberance" ended up lasting much longer than many of the world's best professional investors – including Warren Buffett and my mentor Julian H. Robertson – believed it would.

Second, identifying something as a financial bubble doesn't mean that the technology driving the bubble is fake or fraudulent. Railways, the telephone, electricity, the internet – each of these technological leaps instigated a speculative bubble in stocks. They also each permanently transformed the economy and society itself. Julian Robertson

was 100% right to describe the dot-com bubble as a speculative mania. And yet internet bandwidth consumption has still increased more than 100x since the late 1990s. The dot-com financial frenzy was a bubble. The internet itself proved to be a world-changing tsunami. So it's likely to be with AI.

Picking AI Stock Winners

In 1999-2000, two of the greatest investors of all time – Julian Robertson and Stan Druckenmiller – had a friendly disagreement. They both correctly saw that the Nasdaq was in the spell of a speculative mania. Julian concluded he could profit by shorting the stocks that would inevitably collapse when the bubble burst. Druckenmiller concluded he could ride the mania upward and, relying on his superior skill predicting market turning points, get out profitably just before stocks collapsed.

This was a rare moment when the market would humble both men.

Julian famously shorted a basket of the most notorious dot-com fad stocks, such as pets.com and e-toys. These stocks did eventually decline over 90% from their highs, as he predicted they would. Indeed, many went bankrupt. But Julian was forced out of his shorts six months before the Nasdaq's collapse as the market squeezed upward. The final phase of a bubble often features a last, parabolic move higher.

While Julian was suffering in agony with his shorts through the market's final upward squeeze, Druckenmiller bought a massive, \$6 billion position in the bubble stocks in early 2000. But uncharacteristically, his market timing instincts failed him. He had bought the stocks too close to the top, and he wasn't quite fast enough getting out once the market turned. Over six weeks beginning in March 2000, Druckenmiller lost \$3 billion – the only time in his career he suffered a setback of this magnitude.

What can we learn from this story?

Navigating a bubble is really treacherous – so treacherous that it humbled two of the greatest professional investors of all time, men who over their careers extracted billions of dollars in profit from the markets with their investment acumen.

More specifically, I think we can also take away two practical lessons that are relevant today:

1. Amid a bubble, conviction about the eventual winners must run deeper than enthusiasm for the theme itself. The hard part isn't foreseeing that a new technology can transform the world – it's identifying which handful of companies will survive once the mania recedes.

History is ruthless on this point. When the automobile first burst onto the scene in the early 20th century, America sprouted more than 250 car manufacturers. The opportunity was obvious: engines were going to replace horses. But only a few companies – Ford, General Motors, and Chrysler – endured the inevitable consolidation that followed.

The internet offered a similar spectacle. Many people could see that e-commerce would upend brick-and-mortar retail. Yet for every Amazon that ascended, hundreds of e-toys, pets.coms, and Webvans disappeared. The pattern is constant: Innovation invites excess, and excess invites imitation. The investor's task is to separate the companies riding the tide from those capable of surviving the undertow. In AI, the same Darwinian contest has already begun. The opportunity is real – but the field is crowded, noisy, and filled with pretenders. To profit, we must be confident that any company we underwrite will not merely enter the race but reach the finish line as one of the winners.

2. Even if we've correctly identified a winner, **price still matters**. There is no point on the timeline of financial history when valuation has stopped mattering for long. As Warren Buffett has reminded generations of investors, "price is what you pay; value is what you get."

The arithmetic of investing doesn't bend for good stories: If we pay an absurd multiple for a great company, the best we can hope for is a modest return stretched thin across too many years. The worst is a permanent loss of capital when sentiment normalizes. In every great technological cycle – from railroads to radio, from mainframes to microchips – the enduring fortunes were made not by those who recognized the breakthrough, but by those who had the patience to own it at the right price. Valuation discipline is what separates an investor from a speculator. Amid the euphoria of the AI boom, it's also what will separate those who keep their gains from those who merely rent them.

Fishing In Unpopular Waters

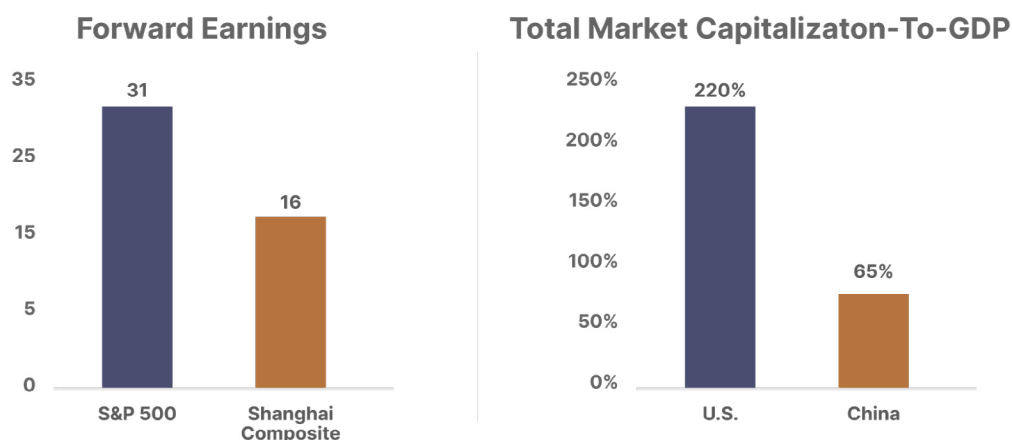
When a market becomes as overextended as U.S. stocks are today, it behooves us to search for less-popular waters in which to fish. Porter & Co. readers have already benefited from this approach through our coverage of compelling opportunities in Japan – for instance, *Tech Frontiers* recommendation **SBI Holdings (Tokyo: 8473 JP)** and *Complete Investor* recommendation **Mitsui & Co. (OTC: MITSY)**. This month, we direct our attention to Japan's Asian neighbor: China, where the world's second-largest economy has quietly entered the early stages of recovery from a bruising four-year bear market.

Let me explain . . .

While U.S. equities levitate near record valuations, Chinese stocks remain anchored near the lowest levels of their modern history. The contrast could not be sharper. The Shanghai Composite trades at roughly 16x earnings, nearly half of the U.S. S&P 500's 31x. The price-to-book ratio for the CSI 300 – the index of China's blue-chip companies – is 1.2x, compared with the S&P 500's 5x. And China's total market capitalization-to-GDP ratio stands near 65%, not only a fraction of the United States' 220% but also well below its own 15-year average of about 90%. By almost any historical yardstick, Chinese equities are priced as though the nation's economic future has already been foreclosed. That disconnect between price and reality is where opportunity begins.

China Trades At Steep Discount To The U.S.

Market Valuations By Two Metrics



How did we get here? Over the past several years, the narrative around China has turned unrelentingly bleak. A housing slowdown, weak consumer confidence, government crackdowns on technology firms, and geopolitical tension with the West all combined to drive foreign investors out of Chinese stocks. Between 2021 and 2024, global funds pulled an estimated \$180 billion out of Chinese mainland and Hong Kong equities. Western money managers came to regard China as “un-investable.” The result was not merely a correction but a capitulation: Valuations fell to levels last seen during the Global Financial Crisis.

At the same time, China’s own economy was indeed working through a malaise. Growth slowed to a post-reform low, industrial profits stagnated, and youth unemployment soared. The pessimism was understandable – but markets look forward, not backward. Over the past year, China’s government has moved aggressively to stabilize property developers, cut policy rates, and inject liquidity into its banking system. The People’s Bank of China has eased reserve requirements three times since late 2024. Fiscal stimulus, though gradual, has begun to infuse capital into local infrastructure projects and consumer credit. Corporate earnings have quietly bottomed. Now, the Shanghai Composite and CSI 300, China’s major benchmark stock indexes, are both up more than 25% from their 2024 lows – technical confirmation that a new bull market has begun.

Yet this upturn remains unloved and under-owned by global investors. That makes Chinese stocks a textbook setup of Steve Sjuggerud’s favorite kind of opportunity: **cheap, hated, and in an uptrend**. Cheap because valuations in China remain near generational lows, hated because Western institutions still regard Chinese equities with skepticism, and in an uptrend because prices have turned decisively upward while sentiment has barely budged. History teaches that this is precisely when contrarian opportunities are most lucrative.

What makes this moment especially deserving of our attention is that China's recovery is not speculative. It's grounded in fundamentals. China's AI, semiconductor, and data-infrastructure cycles are only beginning – mirroring where the U.S. was three years ago – but its valuations remain where America's were a decade ago... very low. The gap between perception and reality is wide, giving us an opportunity to earn very significant returns as it closes. For disciplined investors, this is the kind of favorable asymmetry we look for: limited downside because prices are near the bottom, and meaningful upside because the market narrative has yet to catch up with the facts.

Investing In China's AI Landlord

Let's circle back to GDS Holdings, this month's recommendation.

Over the past three years, China has embarked on one of the most ambitious national investment drives in AI the world has ever seen. The numbers are staggering: more than \$100 billion of state-directed capital flowing into AI research parks, semiconductor fabs, and super-computing clusters. Hundreds of billions more have gone into provincial and private-sector spending to build what Beijing calls 'computing power infrastructure.' The country's latest Five-Year Plan singles out AI as a "foundational technology for national rejuvenation," and China's ministries have been directed to weave machine learning into every strategic industry – manufacturing, logistics, finance, healthcare, and of course defense. China's political leadership understands that AI mastery is not merely a commercial race, but a race to establish dominance in a Promethean technology as crucial as fire was to our pre-historic ancestors – and they are spending accordingly. While the West debates regulation, China builds.

China is also arguably pulling ahead of the U.S. in cutting-edge technological leadership in AI. Australia's Strategic Policy Institute ("SPI") has built a comprehensive database that allows users to compare countries' relative strength in different key technological categories. This database shows that in machine learning – the core building-block of AI – China leads the U.S. in its share of highly-cited publications (36.5% compared to the U.S.'s 15.4%) and its share of pure research volume (32% compared to the U.S. 14.8%). The only dimension SPI tracks in which the U.S. still leads China when it comes to machine learning is in its share of leading research talent, where the U.S. enjoys 25.3% share compared to China's 15.3%.

But while China's commitment to AI is massive, and its leadership in AI-tech now runs neck and neck with the U.S., none of this is yet reflected in the valuation of China's AI stocks – which, like the rest of the Chinese stock market, have only recently begun a recovery from a bear market bottom. This gives us a golden opportunity to buy into China's AI stock cycle toward the beginning of what will likely be a long trend upward, mirroring what we've witnessed in the U.S.

The only question is: How can we identify who will win the AI race in China?

We're not going to answer this question successfully by sifting through the dozens if not hundreds of Chinese-based tech companies that are competing for dominance as AI builders – for instance, DeepSeek, which briefly went viral after building a competitor to ChatGPT in two months' time and at a cost of \$6 million... tiny fractions of the time and money OpenAI spent to build ChatGPT.

Instead, we need to find a company we **know** will be a winner in China's AI boom – because it benefits from moats and unfair advantages that insulate it from competition.

Which brings us to GDS...

GDS is no newcomer to China's AI revolution – it helped build its foundations. Founded in 2001 by William Wei Huang, who still leads the company today, GDS began as a designer, builder, and operator of carrier-neutral data centers for the country's first generation of internet champions: Alibaba, Tencent, and Baidu. As these giants expanded, they needed secure, high-power facilities to store, process, and move enormous volumes of data. GDS became their quiet partner, building the infrastructure that kept China's digital economy running. Over two decades, it evolved from a niche operator into the data-center backbone of the nation's cloud ecosystem, with campuses across Beijing, Shanghai, Shenzhen, and Hong Kong.

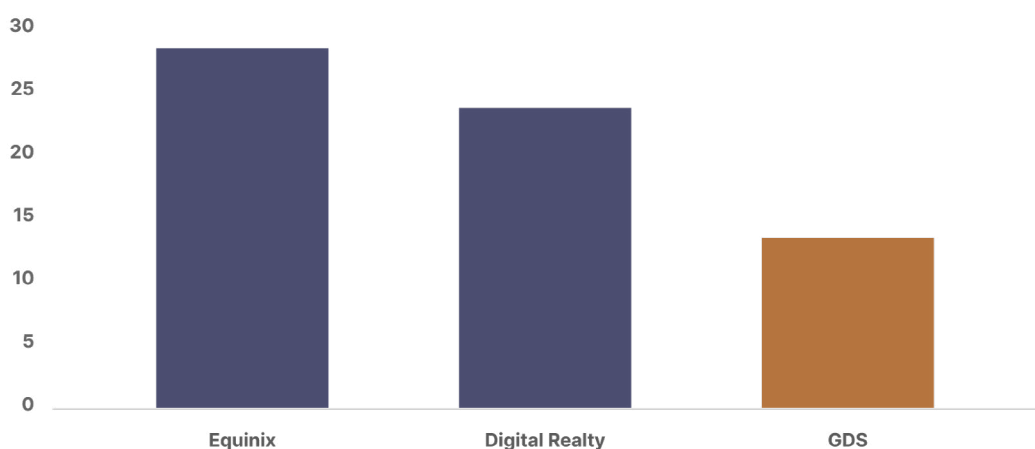
That legacy has positioned GDS at the center of China's new AI boom. The transition from ordinary data processing to AI workloads – training and running large language models – requires exactly what GDS already does best: gather dense power, specialized cooling, and massive clusters of GPUs – high-powered chips – connected by ultra-low-latency fiber. Because GDS already serves every major Chinese cloud and internet platform, it wins no matter which AI builders ultimately prevail. Whether China's dominant AI model gets built by Alibaba's Qwen, Baidu's Ernie, Tencent's Hunyuan, or upstarts like DeepSeek, the training and inference will still occur inside GDS facilities. The company is, in essence, China's AI landlord – collecting rent from all participants in the race.

GDS's business is straightforward and appealing. The company leases data-center capacity through multi-year "take-or-pay" contracts that generate stable, recurring revenue. Its utilization rates exceed 70%, and nearly all capacity under construction is pre-sold. In 2025, its revenue grew by more than 12% while EBITDA margins remained near 50% – strong profitability for a company still very much in expansion mode. Once built, GDS data centers become cash-flow machines: high upfront capital costs give way to long, predictable income streams that behave more like infrastructure than technology.

Its competitive advantages are equally tangible. Building AI-ready data centers in China's Tier-1 cities requires scarce ingredients – land, power, grid interconnects, and regulatory permits – that newcomers cannot easily obtain. GDS secured these assets decades ago. Its long relationships with local governments and its track record of delivering hyperscale projects on time give it a moat made not of patents, but of concrete, copper, and trust with the people who matter. And as capital markets mature, GDS has begun recycling its assets through newly approved domestic real estate investment trusts ("REIT"), lowering leverage and funding new builds without diluting shareholders.

Despite this positioning, GDS stock trades at a steep discount to its American peers. GDS's enterprise value-to-EBITDA ratio of 14x puts it at a 50% discount to infrastructure developer Equinix (EQIX) and a 40% discount to carrier-neutral data-center REIT Digital Realty (DLR), despite growth prospects more than double either of these U.S. comparables. The company's valuation discount is even steeper on a price-to-book basis, where GDS sells for 2.5x price-to-tangible book value compared to 12x for Equinix. But I think the most revealing indicator is GDS's current market cap, which stands at a modest \$7 billion. Digital Realty's market cap is \$60 billion, while Equinix's is \$80 billion. I see no reason why GDS shouldn't grow into a similar market cap over the coming five to seven years – implying potential gains of 10x or more from current levels.

Enterprise Value-To-EBITDA



In a Chinese equity market that is cheap, hated, and just beginning to turn upward, GDS offers a compelling asymmetry: limited downside secured by hard assets and long-term contracts; and vast upside from the single most powerful technology cycle of our lifetime. It's China's AI landlord, but we can still buy it at a tenant's price. We should do so.

We will be adding GDS Holdings to a new category of the portfolio we are calling China Tech Boom.

Action to Take: Buy GDS Holdings (Nasdaq: GDS) up to \$36 per share

Portfolio Review

TECHFRONTIERS PORTFOLIO							
Ticker		Company	Entry D... 	Entry Price	Price	Total Return	Status
Biotech							
SGMT		Sagimet Biosciences	01/09/2024	\$5.71	\$7.77	98.36%	Buy Up to \$5.00*
ROIV		Roivant Sciences	02/29/2024	\$11.44	\$20.23	76.84%	Hold
TGTX		TG Therapeutics	07/03/2024	\$18.79	\$34.04	99.12%	Hold^^
SGMT		Sagimet Biosciences	09/05/2024	\$2.62	\$7.77	164.63%	Buy Up to \$5.00***
BCYC		Bicycle Therapeutics	05/07/2025	\$7.78	\$6.13	-21.21%	Buy Up to \$8.75
ACET		Adicet Bio	05/07/2025	\$0.49	\$0.69	40.70%	Buy Up to \$0.75
ALNY		Alnylam Pharmaceuticals	06/04/2025	\$305.31	\$434.56	42.33%	Buy Up to \$320
PRME		Prime Medicine	07/02/2025	\$3.07	\$4.40	74.38%	Buy Up to \$4.00**
FBIO		Fortress Biotech	09/03/2025	\$2.95	\$2.48	-15.93%	Buy Up to \$3.45
Blockchain Blue Chips							
8473:JP		SBI Holdings	02/05/2025	¥4,315.00	¥6,754.00	60.70%	Buy Up to ¥7,200^
SBET		SharpLink Gaming	10/08/2025	\$17.57	\$12.13	-30.96%	Buy Up to \$19
Hedges & Other							
LBRT		Liberty Energy	12/04/2024	\$18.32	\$17.44	-3.08%	Buy Up to \$20.00

TECHFRONTIERS CLOSED POSITIONS							
Ticker		Company	Entry Date	Entry Price	Exit Date 	Exit Price	Total Return
CYTT		Cytier Therapeutics	01/09/2024	\$3.05	02/08/2024	\$3.12	2.30%
VIR		Vir Biotechnology	01/09/2024	\$10.18	03/18/2024	\$10.68	4.91%
LYEL		Lyell Immunopharma	01/09/2024	\$41.40	03/18/2024	\$41.60	0.48%
STRO		Sutro Biopharma	01/09/2024	\$4.03	03/18/2024	\$3.91	-2.98%
NUVB		Nuvation Bio	01/09/2024	\$1.51	03/18/2024	\$2.26	49.67%
AVIR		Atea Pharmaceuticals	01/09/2024	\$3.45	03/18/2024	\$4.00	15.94%
KOD		Kodiak Sciences	01/09/2024	\$3.16	03/18/2024	\$5.94	87.82%
ATHA		Athira Pharma	01/09/2024	\$28.65	03/18/2024	\$24.90	-13.09%
CMRX		Chimerix	02/08/2024	\$0.91	03/18/2024	\$1.10	20.87%
VNDA		Vanda Pharmaceuticals	05/02/2024	\$4.68	10/14/2024	\$4.81	2.78%
DERM		Journey Medical	06/06/2024	\$4.68	12/04/2024	\$5.59	19.44%
NUVB		Nuvation Bio	11/06/2024	\$2.54	12/04/2024	\$2.75	8.27%
QURE		uniQure	01/09/2024	\$6.62	12/10/2024	\$15.30	131.12%
QURE		uniQure	10/02/2024	\$4.54	12/10/2024	\$15.30	237.00%
HUMA		Humacyte	01/09/2025	\$4.68	03/26/2025	\$2.00	-57.26%
IOVA		Iovance Biotherapeutics	02/05/2024	\$7.92	05/09/2025	\$8.88	12.06%
ATYR		aTyr Pharma	03/05/2025	\$3.15	09/15/2025	\$1.02	-67.78%

It's been a relatively quiet month for the *Tech Frontiers* portfolio.

Earlier this week, **Alnylam (Nasdaq: ALNY)** blew out consensus expectations in its Q3 earnings report, beating earnings-per-share expectations by 73% and revenue by 22% while growing net product revenue by 36% year over year. The company also raised its full-year guidance to \$1.55 billion to \$1.65 billion. While the stock's response to this blowout quarter has been muted, with shares actually declining over the past week amid a sector-wide dip in biotech, the earnings report reaffirms our investment thesis that Alnylam is well on its way toward cementing its leadership in the revolutionary new modality of siRNA medicines. Alnylam shares currently trade around \$424, up 39% from our reference entry price, and are a Hold at this level.

Another of our portfolio companies, **TG Therapeutics (Nasdaq: TGTX)**, likewise delivered a hugely positive Q3 earnings, smashing consensus expectations for both revenue and earnings while raising its full-year guidance for its flagship medicine Briumvi to \$585 million. Briumvi is on a path to become a \$1 billion-plus revenue blockbuster as soon as next year, with real potential to grow sales over the coming three to five years into the \$2 billion to \$3 billion range. It would not surprise me in the least to see TG Therapeutics sold to Big Pharma at a massive premium in the first half of 2026 – which would trigger a windfall bonus written into the comp structure for CEO Mike Weiss, who is also one of the company’s largest shareholders. Up 81% from our reference entry price, TG Therapeutics is also a Hold at this current level.

My single favorite name in our portfolio, **Sagimet Biosciences (Nasdaq: SGMT)**, shared that its Chinese partner Ascletis reported “home run” Phase III trial results for Sagimet’s flagship drug denifanstat in acne, which Sagimet has licensed to Ascletis for the Chinese market. While expected, these highly positive Phase III trial results suggest that denifanstat is a likely blockbuster in two separate, massive indications – fatty liver disease (or “MASH”) and acne – with potential to generate over \$1 billion in revenue in each of these distinct domains. I continue to believe that Sagimet shares have 3x to 10x appreciation potential over the coming three to five years. Up 196% from our last recommendation, Sagimet is a Hold currently – but I will consider re-recommending the stock with a higher buy-up-to price over the coming months because I consider the long-term risk/reward even at these higher prices still so favorable.

That’s all the news on the portfolio for this month . . .

Tech Frontiers “Best Buys”

For new subscribers, we highlight current portfolio picks that are at an attractive buy point. The current “Best Buys” are:

- 1.** This month’s recommendation **GDS Holdings (Nasdaq: GDS)** – for all the reasons we’ve articulated above.
- 2.** Last month’s recommendation, **SharpLink Gaming (Nasdaq: SBET)** – the stock has sold off over the past month due to a pullback in blockchain and cryptocurrency-related securities. Trading at over a 20% discount to its net asset value (“NAV”), SharpLink currently reflects terrific value and a superb way to add an asset I believe every investor should own in their portfolio: Ethereum, one of the two most blue chip blockchain assets (alongside Bitcoin).
- 3.** **SBI Holdings (Tokyo: 8473 JP)**, another Blockchain Blue Chips entry, and one of the most intriguing “special situation” opportunities we have come across in many years.

I look forward to writing to you next month, or sooner if there's news to share in our portfolio. In the meantime, please don't hesitate to write with questions or feedback.

Best regards



Erez