

PREPARED FOR
Partners & Friends

QUARTERLY LETTER

DOMBEY CAPITAL

Q1 2026

Investment Outlook

CONTACT
dombey.capital
San Francisco, CA

DATE
January 2026

"The best indication of value is when market perception diverges significantly from economic reality."

DC

DOMBEY CAPITAL

San Francisco, CA

January 6, 2026

Dear Partners and Friends,

As we enter 2026, markets stand at an inflection point. The exuberance surrounding artificial intelligence has begun to mature into a more discerning assessment of where genuine value creation will occur. We believe this transition from speculation to deployment creates fertile ground for asymmetric opportunities—precisely the market dislocations Dombey Capital was built to exploit.

Our mandate remains unchanged: we pursue deeply mispriced assets with limited downside and significant upside potential. We employ forensic analysis and cross-border insights to identify arbitrages invisible to the consensus. In this letter, we present six thematic opportunities we believe will define 2026—and the specific securities through which we intend to express these convictions.

"The best indication of value is when market perception diverges significantly from economic reality."

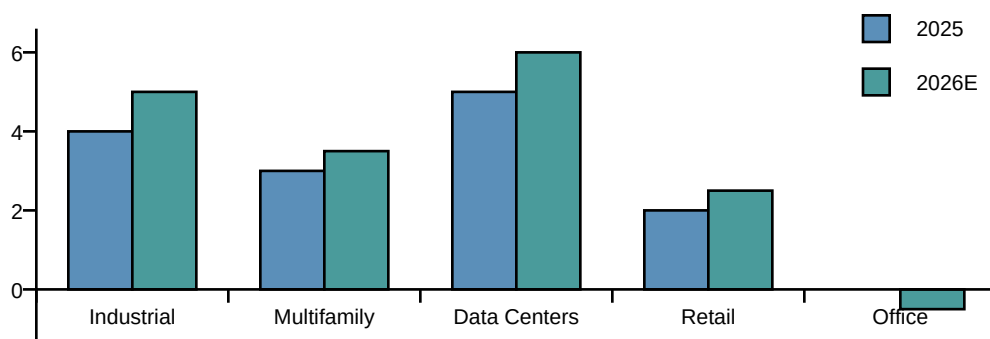
— Dombey Capital Investment Philosophy

Each theme below represents a structural shift where the gap between current price and intrinsic value is widest. We have applied our rigorous due diligence framework—analyzing competitive moats, management quality, balance sheet resilience, and catalyst timelines—to identify the highest-conviction opportunities within each sector.

THEME I: Commercial Real Estate Rebound

Following years of dislocation driven by rising rates and pandemic-induced uncertainty, commercial real estate enters 2026 with improving fundamentals. Lower interest rates are reducing capitalization rates, transaction volumes are recovering, and select sectors—industrial, multifamily, and data centers—demonstrate structural demand growth. We see asymmetric opportunity in high-quality REITs trading below net asset value.

CRE Sector Growth Outlook



High-Conviction Securities:

• Realty Income Corporation (O)

The 'Monthly Dividend Company' trades at a discount to historical multiples despite best-in-class tenant quality and 6%+ yield. Strong rebound potential as rates normalize.

• NNN REIT (NNN)

Single-tenant retail focus with investment-grade tenants. Conservative payout ratio provides margin of safety; positioned to benefit from cap rate compression.

• Universal Health Realty Income Trust (UHT)

Healthcare-focused REIT with defensive characteristics. Aging demographics support long-term demand; current yield offers attractive risk-adjusted income.

• CBRE Group (CBRE)

Leading commercial real estate services firm. Transaction volume recovery is a direct catalyst; capital markets segment poised for significant earnings leverage.

Valuation Summary:

Ticker	Price	Dividend Yield	P/FFO	Discount to NAV
O	\$52.40	6.1%	12.8x	-15%
NNN	\$41.20	5.8%	11.5x	-12%
UHT	\$38.50	7.2%	10.2x	-18%
CBRE	\$98.60	0.5%	14.2x	N/A

CRE Thesis Deep Dive

The commercial real estate sector experienced its most significant dislocation in over a decade during 2022-2024. Rising interest rates compressed valuations across all property types, while uncertainty around remote work patterns created additional headwinds for office and urban retail. However, we believe the market has overcorrected, creating compelling entry points in select segments.

Three catalysts support our bullish positioning: First, the Federal Reserve's pivot toward rate cuts directly benefits leveraged real estate owners through reduced financing costs and cap rate compression. Second, transaction volumes—which collapsed 60% from 2022 peaks—are beginning to recover, providing price discovery that should validate current NAV estimates. Third, structural demand drivers remain intact in our preferred segments: e-commerce continues to drive industrial demand, demographic shifts support healthcare real estate, and AI data center requirements are creating unprecedented demand for specialized facilities.

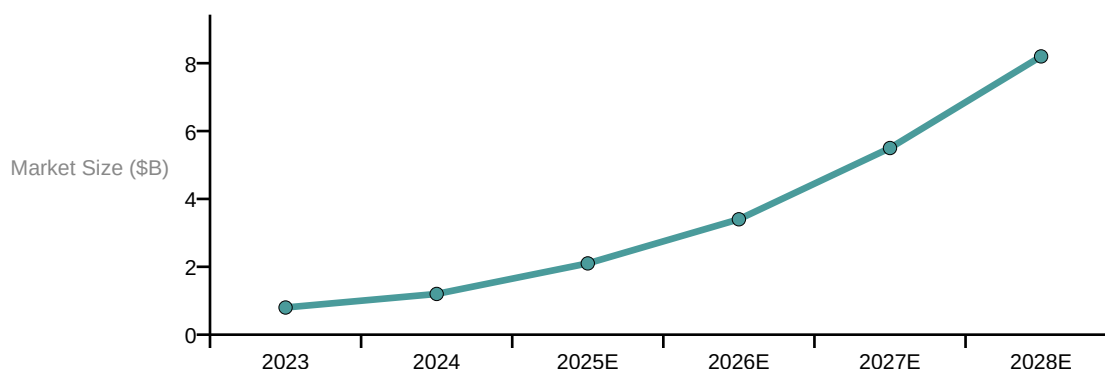
Risk Considerations:

Key risks include: (1) persistent inflation requiring higher-for-longer rates, (2) regional banking stress impacting CRE lending availability, (3) structural office demand destruction exceeding current expectations, and (4) potential oversupply in industrial and multifamily segments. We size positions to reflect these risks while maintaining conviction in the asymmetric opportunity.

THEME II: Neuromorphic Computing

Neuromorphic computing—hardware designed to mimic the brain's neural architecture—represents the next frontier in energy-efficient AI. As edge computing proliferates and power constraints become binding, brain-inspired chips offer orders-of-magnitude efficiency gains over traditional GPUs. The market remains nascent, creating opportunity for early positioning in both established leaders and pure-play specialists.

Neuromorphic Computing Market Projection



Source: Industry estimates. 62% CAGR projected 2024-2028.

High-Conviction Securities:

- **Intel Corporation (INTC)**

Pioneer in neuromorphic research with Loihi chip architecture. Despite near-term headwinds, Intel's research community and foundry investments create optionality in emerging compute paradigms.

- **IBM (IBM)**

Deep heritage in brain-inspired computing systems. Enterprise AI focus and quantum integration provide multiple vectors for neuromorphic commercialization.

- **BrainChip Holdings (BRN.AX / BRCHF)**

Pure-play neuromorphic with the Akida processor. First-mover in commercial edge neuromorphic AI; high risk but asymmetric upside if adoption accelerates.

- **Qualcomm (QCOM)**

Integrating neuromorphic elements into mobile and automotive silicon. Established distribution and design wins provide pathway to mass-market deployment.

Why Neuromorphic Computing Matters:

Traditional AI compute faces a fundamental energy problem. Training and running large language models consumes enormous power—estimates suggest GPT-4 training alone required ~\$100 million in compute costs. As AI moves to edge devices (smartphones, vehicles, IoT sensors), power efficiency becomes critical. Neuromorphic chips process information in ways fundamentally similar to biological neurons, achieving up to 1000x better energy efficiency for specific inference tasks.

Architecture Comparison:

Characteristic	Traditional GPU	Neuromorphic Chip
Processing Model	Sequential/Parallel	Event-Driven Spiking
Power Consumption	High (100-400W)	Ultra-Low (<1W typical)
Best Use Case	Training, Data Centers	Edge Inference, Sensing
Memory Model	Separate Memory	In-Memory Computing
Learning Type	Batch, Offline	Continuous, On-Device

Investment risks include: technology maturation timeline uncertainty, competition from traditional chip optimization, limited near-term revenue visibility for pure-plays, and potential for alternative architectures (analog AI, photonic computing) to capture the efficiency opportunity instead.

THEME III: Biotech Transformation

Biotechnology is undergoing fundamental transformation through AI-driven drug discovery, next-generation gene therapies, and breakthrough modalities. 2026 features a dense calendar of pivotal trial readouts across oncology, neurology, and rare diseases. We focus on companies approaching inflection points where binary events offer substantial asymmetry.

2026 Biotech Catalyst Calendar



High-Conviction Securities:

- **MindMed Inc. (MNMD)**

Multiple Phase III readouts expected in 2026 for psychedelic-inspired therapies targeting ADHD and anxiety. Category-defining potential in underserved mental health indications.

- **Alto Neuroscience (ANRO)**

AI-precision psychiatry platform with key data readouts in schizophrenia and treatment-resistant depression. Differentiated approach to CNS drug development.

- **Delcath Systems (DCTH)**

Commercial-stage liver cancer therapy with established reimbursement. Approaching profitability inflection; underappreciated by generalist investors.

- **Arcellx Inc. (ACLX)**

Next-generation CAR-T therapies advancing in blood cancers. Differentiated manufacturing and safety profile position for potential best-in-class status.

Investment Thesis:

The biotech sector remains deeply undervalued relative to its pipeline potential. The XBI biotech index trades near decade lows on a price-to-book basis, despite unprecedented scientific advancement in modalities ranging from gene editing to targeted protein degradation. We focus on clinical-stage companies where: (1) binary catalysts are clearly defined, (2) probability of success appears underestimated, and (3) risk-reward skews heavily to the upside.

Biotech Valuation Framework:

Company	Phase	Cash Runway	Market Cap	Key Catalyst
MNMD	Phase III	>24 months	\$680M	ADHD Ph3 readout Q1
ANRO	Phase II/III	>18 months	\$420M	Schizo data Q2
DCTH	Commercial	Profitable 2026E	\$180M	Revenue inflection
ACLX	BLA Filed	>36 months	\$2.8B	FDA decision Q3

The Mental Health Opportunity:

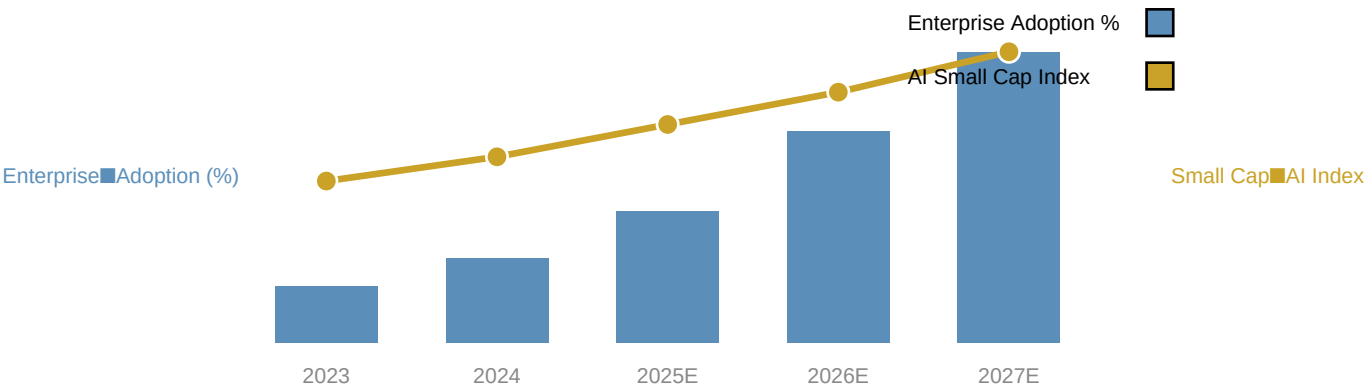
We are particularly bullish on novel approaches to mental health treatment. The global mental health therapeutics market exceeds \$100 billion annually, yet innovation has stagnated for decades. SSRIs and SNRIs—drugs developed in the 1980s and 1990s—remain the standard of care despite limited efficacy and significant side effects. MindMed and Alto Neuroscience represent distinct approaches to disrupting this paradigm: MindMed through novel psychedelic-derived molecules with rapid onset, Alto through AI-driven patient selection for existing and novel therapies.

Risk factors include: clinical trial failure (inherent binary risk), regulatory uncertainty for novel modalities, competitive dynamics in crowded indications, and financing risk for pre-commercial companies. We size biotech positions smaller than other themes given the binary nature of outcomes.

THEME IV: Agentic AI Proliferation

Agentic AI—autonomous systems capable of planning, executing, and iterating on complex tasks—represents the natural evolution of generative AI. As enterprises move beyond chatbots to intelligent agents handling customer service, code generation, and decision-making, we anticipate outsized returns in small and mid-cap companies positioned at the application layer. The hyperscaler trade is crowded; the picks-and-shovels suppliers remain underappreciated.

Agentic AI: Adoption Drives Small Cap Alpha



High-Conviction Securities:

- **SoundHound AI (SOUN)**
Voice AI platform with expanding agentic capabilities across automotive and restaurant verticals. Growing revenue base with path to profitability.
- **UiPath Inc. (PATH)**
Robotic process automation leader evolving into agentic workflows. Massive installed base provides distribution advantage; valuation reflects prior growth disappointments.
- **C3.ai Inc. (AI)**
Enterprise AI platform supporting agentic applications. Government and defense contracts provide revenue visibility; potential beneficiary of AI agent standardization.
- **Verint Systems (VRNT)**
AI agents for customer engagement and workforce analytics. Established enterprise relationships create cross-sell opportunity as agentic capabilities mature.

The Agentic AI Opportunity:

While market attention has focused on foundation model providers (OpenAI, Anthropic, Google), we believe the majority of value creation in AI will occur at the application layer. Foundation models are increasingly commoditized—prices have fallen 90%+ in 18 months—while differentiated applications command premium economics. Agentic AI represents the next evolution: systems that don't merely respond to prompts but actively plan, execute, and iterate on complex multi-step tasks.

Key use cases emerging include: autonomous customer service (handling inquiries end-to-end), code generation and debugging (writing, testing, and deploying software), sales and marketing automation (research, outreach, and follow-up), and financial operations (reconciliation, reporting, and analysis). Each represents a massive market where incumbent software vendors face disruption from AI-native solutions.

Competitive Landscape:

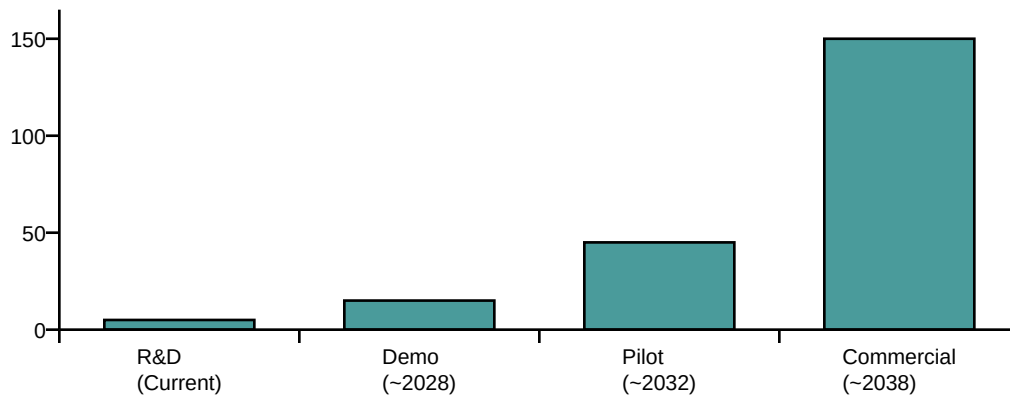
Company	Focus	Revenue Growth	Gross Margin	EV/Revenue
SOUN	Voice AI	+85% YoY	65%	12x
PATH	RPA/Agents	+15% YoY	85%	5x
AI	Enterprise AI	+25% YoY	60%	8x
VRNT	CX Analytics	+8% YoY	70%	2x

Key risks include: competition from hyperscalers building competing agent frameworks, customer hesitation to deploy autonomous systems in critical workflows, potential for model-level commoditization to compress application margins, and regulatory uncertainty around AI decision-making.

THEME V: Space-Based AI Solar Energy

An emerging confluence of space-based solar power (SBSP) and orbital AI data centers addresses the critical energy constraints facing artificial intelligence. While pure-play public opportunities remain limited—most pioneers are private—we identify indirect exposure through launch services, satellite infrastructure, and enabling technologies. This is a long-duration theme with asymmetric optionality.

Space-Based Solar Power Development Roadmap



Estimated cumulative investment (\$B) by development phase.

High-Conviction Securities (Indirect Exposure):

- **Rocket Lab USA (RKLB)**

Vertically integrated satellite manufacturing and launch services. Critical enabler for SBSP and AI constellation deployment; strong backlog and improving unit economics.

- **Planet Labs (PL)**

Earth observation satellite operator with AI-driven analytics. Partnership ecosystem includes solar-powered satellite projects; data platform creates recurring revenue.

- **First Solar (FSLR)**

Terrestrial solar technology leader with potential crossover to space-grade panel development. Domestic manufacturing advantage positions for government SBSP contracts.

Note: Pure-play SBSP remains highly speculative. Private companies including Aetherflux and Virtus Solis are advancing technology but offer no public market exposure. We maintain watchlist positions and will communicate if opportunities emerge.

The Energy-AI Nexus:

Artificial intelligence faces a fundamental energy constraint. Data center power consumption is projected to triple by 2030, with AI workloads representing the fastest-growing segment. Nuclear, geothermal, and grid expansion can partially address this demand, but space-based solar offers a tantalizing alternative: 24/7 solar collection unimpeded by weather, night, or atmospheric absorption, with power beamed directly to ground receivers or orbital data centers.

The technology timeline remains uncertain, but significant government and private investment is accelerating development. The US Department of Defense is funding demonstration projects, Japan has committed to operational SBSP by 2040, and multiple startups have raised substantial capital. Our position is intentionally conservative—we gain exposure through profitable enablers rather than speculative pure-plays—but the asymmetry is compelling if timelines accelerate.

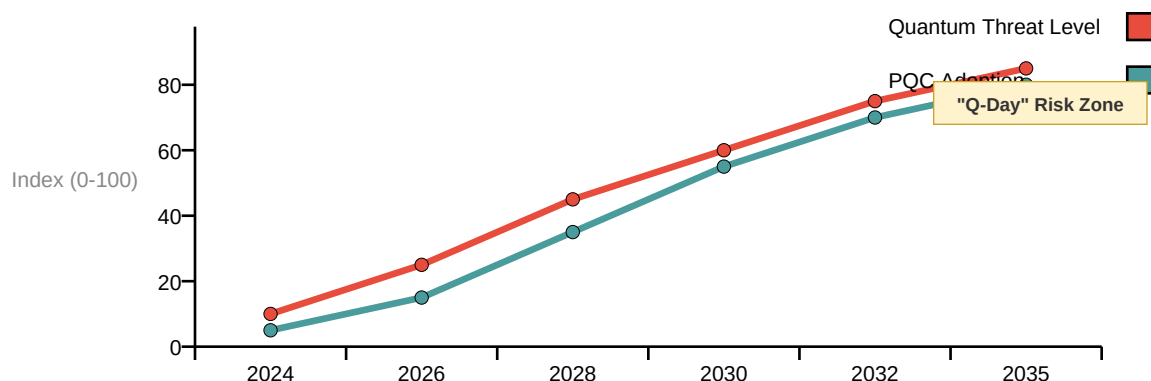
Space Enabler Comparison:

Company	Focus	Revenue	Growth	Profitability
RKLB	Launch/Satellites	\$436M	+75% YoY	Path to profit
PL	Earth Observation	\$240M	+15% YoY	FCF negative
FSLR	Solar Mfg	\$4.2B	+30% YoY	Highly profitable

THEME VI: Quantum Cybersecurity for Decentralized Networks

The advent of fault-tolerant quantum computing poses existential risk to current encryption standards protecting blockchain networks, financial systems, and critical infrastructure. Post-quantum cryptography (PQC) adoption is accelerating as NIST standards finalize and enterprises begin migration. We focus on companies building quantum-resistant solutions for decentralized systems.

The Race: Quantum Threats vs. PQC Adoption



High-Conviction Securities:

- **SEALSQ Corp (LAES)**

Quantum-resistant semiconductor solutions for secure network applications. Post-quantum cryptography chips address critical infrastructure vulnerability.

- **WISeKey International (WKEY)**

Digital identity and post-quantum cryptography specialist. Established IoT security presence provides distribution for PQC solutions.

- **Arqit Quantum Inc. (ARQQ)**

Quantum-safe encryption software for enterprise and government networks. Symmetric key distribution technology offers differentiated approach to quantum security.

Broader exposure: Established technology leaders including IBM (quantum research and PQC development) and major cybersecurity platforms are incorporating post-quantum capabilities. We monitor these developments for additional entry points.

The Quantum Threat:

Current public-key encryption (RSA, ECC) underpins virtually all secure communications—from online banking to government secrets. Quantum computers, using Shor's algorithm, can theoretically break these systems in minutes rather than billions of years. While large-scale, fault-tolerant quantum computers don't yet exist, the "harvest now, decrypt later" threat is immediate: adversaries are capturing encrypted data today for future decryption.

NIST finalized the first post-quantum cryptographic standards in August 2024, triggering an enterprise migration cycle expected to span a decade. Early movers—companies providing PQC chips, software, and integration services—are positioned to capture significant market share as federal mandates and enterprise adoption accelerate.

Expected PQC Adoption Timeline:

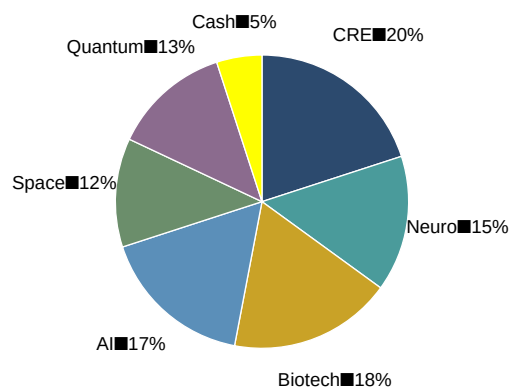
Phase	Timeline	Key Activities
Discovery	2024-2025	Crypto inventory, risk assessment
Planning	2025-2026	Migration strategy, vendor selection
Pilot	2026-2028	High-priority system upgrades
Broad Rollout	2028-2032	Enterprise-wide migration
Completion	2032+	Legacy deprecation, full PQC

Investment risks include: timeline uncertainty for quantum threat materialization, potential for NIST standards to evolve (requiring algorithm changes), competition from hyperscalers integrating PQC into existing security stacks, and limited near-term revenue visibility for pure-plays.

Portfolio Construction & Allocation

Our portfolio construction reflects the principle that concentration builds wealth while diversification preserves it. We deploy capital in our highest-conviction ideas, sizing positions according to conviction level, catalyst clarity, and risk-reward asymmetry. The six themes outlined above represent our current opportunity set, with allocations reflecting both expected returns and correlation considerations.

Target Thematic Allocation



Allocation Rationale:

Commercial Real Estate receives our largest allocation (20%) given the combination of attractive valuations, clear catalysts (rate cuts, transaction recovery), and income generation. Biotech (18%) and Agentic AI (17%) follow, reflecting high conviction in near-term catalysts offset by binary risks requiring smaller position sizing. Neuromorphic Computing (15%) and Quantum Security (13%) represent longer-duration themes where we establish positions early. Space-Based Solar (12%) is sized for optionality rather than near-term returns. We maintain modest cash (5%) for opportunistic deployment.

Risk Management Framework:

Our risk management emphasizes preservation of capital before return on capital. We demand a significant margin of safety in all positions—preferring to miss opportunities rather than compromise on risk-adjusted return requirements. Position sizes reflect conviction and catalyst clarity, with binary-outcome positions (biotech) sized smaller than secular growth plays (CRE, AI).

Theme Risk Assessment:

Theme	Volatility	Binary Risk	Liquidity	Correlation
CRE Rebound	Medium	Low	High	Low
Neuromorphic	High	Medium	Medium	Medium
Biotech	Very High	Very High	Medium	Low
Agentic AI	High	Medium	Medium	High
Space Solar	High	High	Low	Low
Quantum Cyber	High	Medium	Low	Low

Portfolio Characteristics:

Metric	Target	Current
Concentrated Positions	12-18	15
Average Position Size	5-10%	6.5%
Largest Position	<15%	12%
Cash & Equivalents	5-15%	5%
Expected Holding Period	2-4 years	—

CONCLUSION

The themes outlined above reflect our conviction that 2026 will reward investors who look beyond consensus narratives. Whether in overlooked REITs trading below replacement cost, speculative biotech approaching binary catalysts, or emerging technologies at the edge of commercialization—we believe forensic analysis and patient capital will be rewarded.

Our approach remains unchanged: we concentrate capital in our highest-conviction ideas, demand a significant margin of safety, and maintain the discipline to wait for optimal entry points. We do not chase momentum. We seek to own assets when the gap between price and intrinsic value is widest.

2026 Theme Summary:

Theme	Conviction	Time Horizon	Key Catalyst
CRE Rebound	High	12-24 months	Rate cuts, NAV recovery
Neuromorphic	Medium-High	24-48 months	Edge AI adoption
Biotech	High	6-18 months	Clinical readouts
Agentic AI	High	12-36 months	Enterprise deployment
Space Solar	Medium	36+ months	Demo satellite launches
Quantum Cyber	Medium-High	24-48 months	Federal mandates

We thank you for your continued partnership and trust. As always, we welcome your questions and look forward to updating you as these themes develop throughout 2026.

Sincerely,

The Dombey Capital Investment Committee
San Francisco, California

IMPORTANT DISCLOSURES

The information contained herein has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness. This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy any security.

Past performance is not indicative of future results. Investments involve risk, including potential loss of principal. The securities discussed herein may not be suitable for all investors. The value of investments and the income derived from them can go down as well as up, and investors may not get back the amount originally invested.

The views expressed represent the opinions of Dombey Capital as of the date of this publication and are subject to change without notice. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties that could cause actual results to differ materially.

Dombey Capital, its affiliates, and their respective officers, directors, and employees may have positions in securities mentioned herein and may make purchases or sales of such securities from time to time in the open market or otherwise.

This publication does not provide personalized investment advice. Recipients should consult their own financial, tax, and legal advisors before making investment decisions. Nothing contained herein should be construed as legal, tax, investment, financial or other advice.

The securities discussed within do not represent all the securities purchased, sold or recommended for client accounts. There is no assurance that any securities discussed herein will continue to be held. It should not be assumed that any of the securities discussed were or will be profitable, or that the investment decisions Dombey Capital makes in the future will be profitable.

This document may contain "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are based on certain assumptions and reflect Dombey Capital's current expectations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Dombey Capital undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date hereof.

Market and economic views are subject to change without notice and may be untimely when presented here. Do not infer or assume that any securities, sectors or markets described in this document were or will be profitable. Historical or hypothetical performance results are presented for illustrative purposes only.