Investment Review / Portfolio Review continued

Contributors continued

02. Aker ASA

Holding Company

% of net assets[1]
4.1%

Discount
-12%

% of investee company
1.1%

Total return on position FY25 (local)[2]
55.2%

Total return on position FY25 (GBP)
62.8%

Contribution (GBP)[3]
232bps

ROI since date of initial purchase[4]
89.1%

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Having been one of the largest detractors from performance in the last two financial years, Aker was the second largest contributor to returns in 2025. Over the course of the year, shares in Aker returned +59% on a total return basis, which was split roughly evenly between NAV growth (+31%) and discount narrowing (from 25% to 12%). The +5% appreciation of the Norwegian Krone versus sterling added a further polish to returns.

Starting with the NAV, the largest contributor was Aker BP, the Norwegian oil and gas exploration and production company, which accounts for 51% of Aker's NAV. Shares in Aker BP returned +25%, standing in stark contrast to a -9% decline in the oil price over the period. Performance at the Johan Sverdrup oil field has continued to exceed expectations, assuaging prior investor concerns and helping support the heavy lifting of the current capex cycle, as Aker BP remains one of the few Western oil companies investing for growth. Indeed, in February 2025 the company issued encouraging new long-term guidance.

Management expects production to increase from 439k barrels per day in 2024 to 525k in 2028 and then remain above 500k into the 2030s. Whilst oil prices remain relatively depressed currently, and the outlook murky, we believe a long-dated production schedule and industry leading production will prove themselves to be highly valuable as we move through the decade. Combined with a current dividend yield of 10%, the prospects for Aker BP and in turn Aker's NAV appear compelling.

As well as this, it has been a busy period elsewhere in Aker's portfolio. As we wrote in the interim report, the company has made a concerted effort to unlock value and realise capital from smaller assets in the portfolio, such as the sale of Aker BioMarine's Feed Ingredients business.

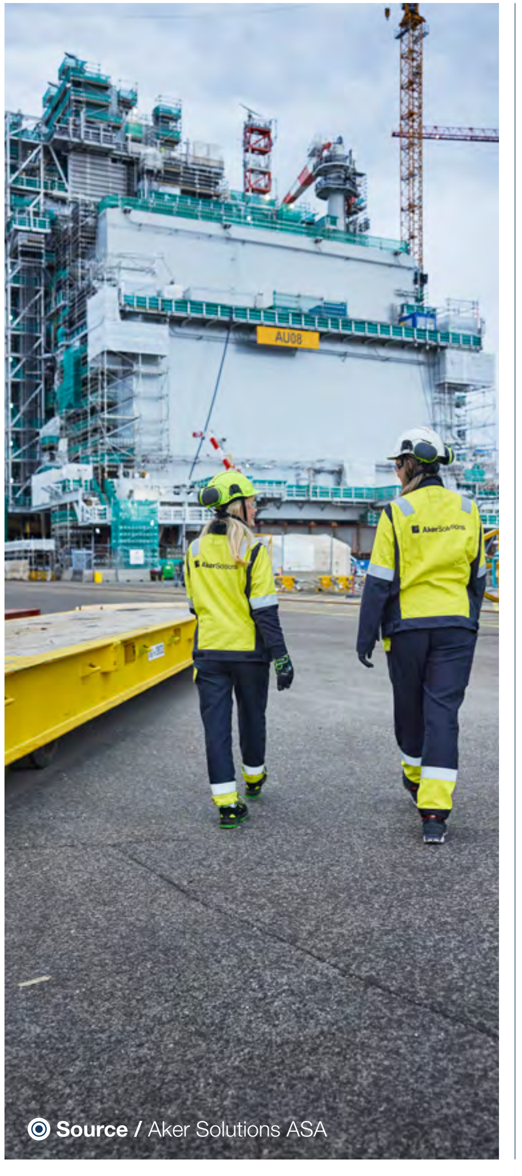
In 2025, capital allocation has also been more front footed – most notably in August the company announced Stargate Norway – a JV with NuScale and OpenAI to build a renewable-powered data centre in Narvik, Northern Norway.

Whilst we remain sceptical about the vast build out of AI-related infrastructure and the capital cycle, from Aker's perspective the capital outlay is modest at c.2% of NAV.

More meaningful, however, has been the impact on Aker's shares, which rose +9% on the day of the announcement. Since this point, we have seen a continued narrowing of the discount, which has gone from 25% a year ago to 12% today. We have taken advantage of this and reduced the position by about a quarter in recent months (and indeed by more following the end of the financial year).

We continue to be attracted by the controlling shareholders' track record of value creation and the assets the company owns. The narrowing of the discount tempers our enthusiasm, and this has been reflected in the reduced position size. The company's history and our own trading history suggests that the future path of the discount will be volatile and we will endeavour to exploit this if the opportunity arises.

1 For definitions, see Glossary on pages 110 to 114.
2 Weighted returns adjusted for buys and sells over the year.
3 Figure is an estimate by the managers and sum of contributions will not equal quoted total return over the financial year.
4 Figure quoted in GBP terms. Refer to Glossary on pages 110 to 114 for further details.



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