

DAVEX CAPITAL - INVESTMENT PHILOSOPHY

February 5th 2026

Investing is neither purely a science nor purely an art; it is best understood as a scientific art. While advances in finance and technology have elevated quantitative and statistical methods, markets remain fundamentally impossible to model with precision. Prices are set not by equations, but by people—operating under incentives, constraints, fear, leverage, and narrative. Human behavior continues to be the dominant force shaping market outcomes, particularly at turning points.

I believe markets are conditionally efficient. Over long horizons, fundamentals matter. Over shorter horizons, price is driven by liquidity, positioning, and psychology. Capital is not always rational, patient, or free to wait. This creates recurring periods where assets trade far from intrinsic value—not because information is missing, but because participants are forced to act.

Davex Capital focuses on deep value investing through a macroeconomic lens. Deep value investing provides a margin of safety by anchoring decisions in balance sheets, cash flows, and replacement cost. Macro analysis provides context and timing—identifying where we are in the economic, credit, and liquidity cycle. Deep value without macro can remain cheap indefinitely; macro without valuation is often crowded and fragile. Together, they create asymmetry, for those willing to stomach it.

Market cycles are the primary engine of mispricing. Credit expansion and contraction, liquidity regimes, and shifting policy responses systematically push prices away from fundamentals. During contractions, assets are sold to meet redemptions or reduce risk. During expansions, capital chases recent performance and extrapolates optimistic narratives. These dynamics are structural and repeatable. Our objective is to deploy capital when pessimism is embedded in price and withdraw it when optimism becomes consensus.

Our edge is not speed, leverage, or access to privileged information. It is structural patience and independence. Davex Capital concentrates capital into a limited number of high-conviction investments where downside risk is well understood and upside is driven by mean reversion, normalization, or regime change. We are willing to be early, inactive, and temporarily out of favor—conditions under which the majority of capital cannot operate due to mandates, benchmarks, or career risk.

Equally important is what we refuse to do. We do not chase momentum or late-cycle narratives. We do not rely on excessive leverage. We do not trade for activity, optics, or short-term smoothness of returns. We do not over-diversify to mask uncertainty. Risk management is achieved through valuation discipline, balance sheet strength, and position sizing—not through complexity.

Davex Capital is built for full-cycle investing. Periods of underperformance are an inevitable cost of avoiding crowded trades and preserving capital during speculative excess. Our objective is not quarterly outperformance, but long-term compounding achieved through discipline, rationality, and respect for risk.

Sincerely,



